

Discussion Agenda

1. Phase I Project Objectives and Methodology

2. Thorn Market Strategy Options

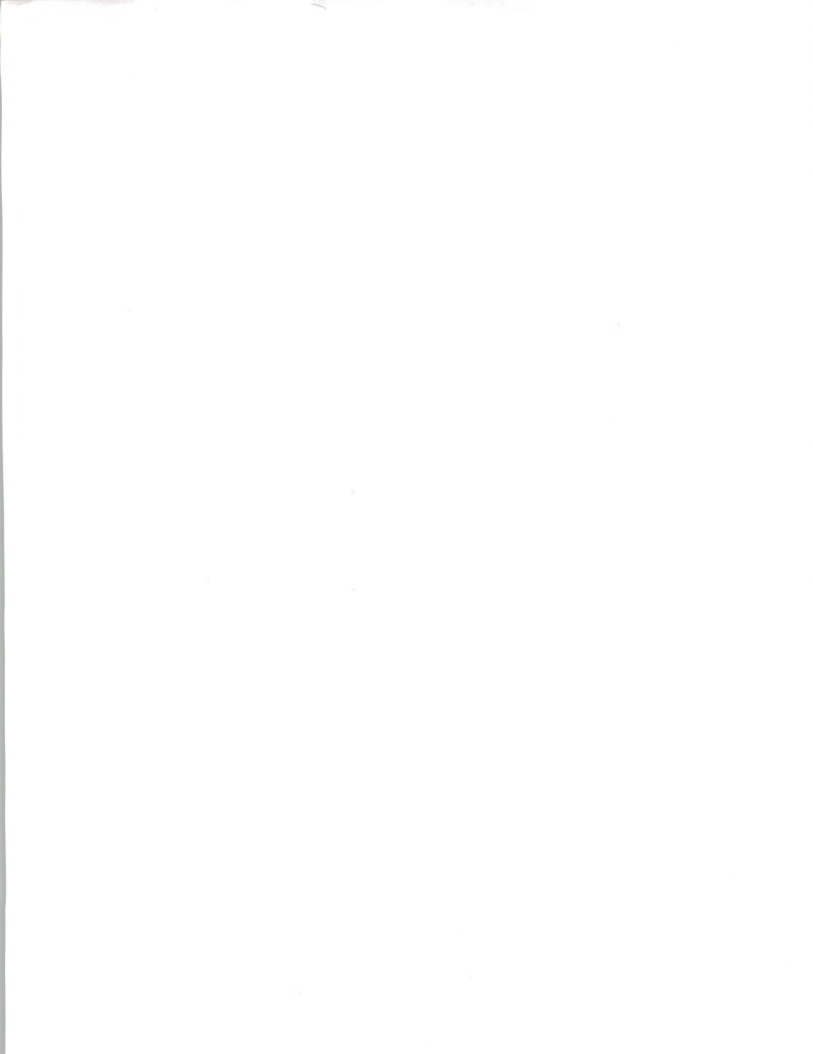
3. Mother Company Candidates Considered (Discards)

4. Candidate Evaluation Results ("company templates")

~~5. Wildcards...~~

5, ~~6~~ INPUT ~~Analysis and~~ Recommendations

6. Phase II Action Items



color ~~3~~

METHODOLOGY

1. PROJECT OBJECTIVES AND ^

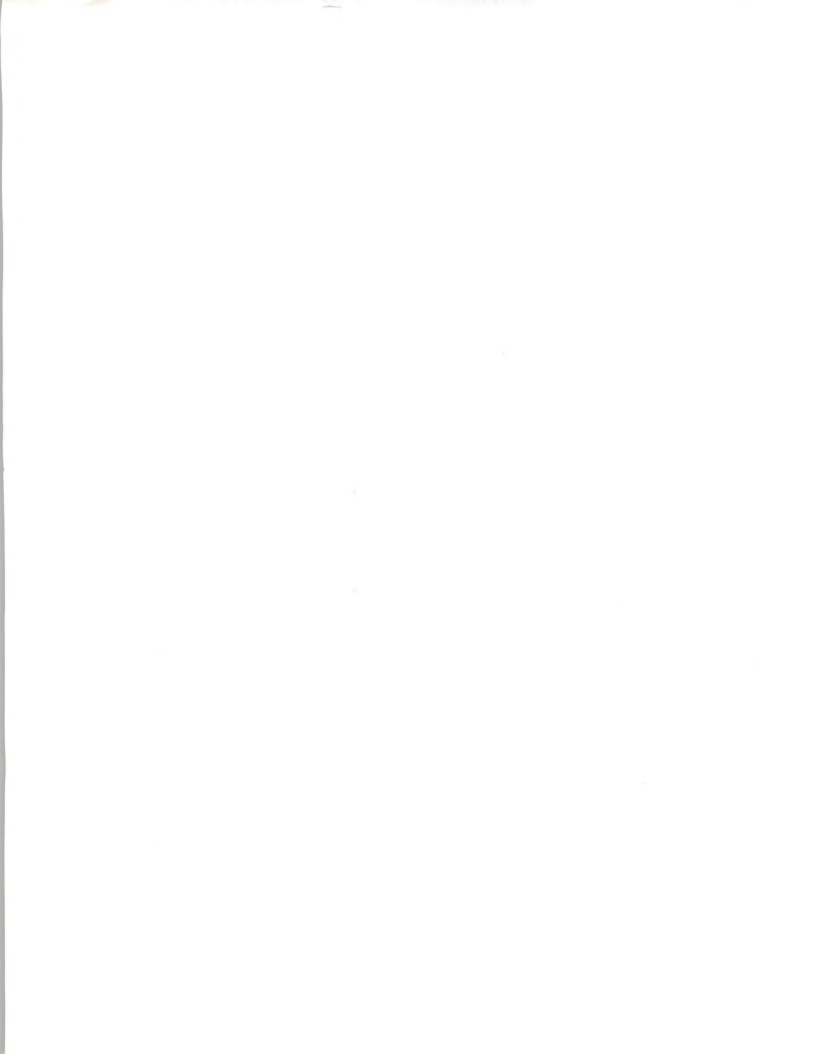


Phase 1 Project Objective:

Identify and evaluate candidates for a Thorn Software U.S. "Mother Company" acquisition.

Research Methodology:

1. Project orientation meeting in California with John Gaffney.
2. Finalized search and evaluation criteria—developed "template" for presentation of information.
3. Researched vendor data bases for candidates.
4. Senior staff meeting (~~Peter, Denny, Norm, Mary~~ *Cunningham, White, Titell, Raymond*)
 - Developed market strategy framework with size, CAGR, and competitive environment assessment.
 - Reviewed and selected ten candidates for further analysis.
5. Researched the ten candidates.
6. Developed comparative analyses and recommendations.
7. *Meet and discuss with clients*



2. MARKET STRATEGY OPTIONS

Thorn Financial Services Market Strategy Options

	Processing Services Market	5 Year CAGR (%) *	Competitive Environment
	<u>Size (\$M)</u>	<u>CAGR (%)</u>	
Vertical Sector Thrust:			
Banking	1,300	13	Medium
S&L	830	15	Medium
Credit Unions	300	13	High
Brokerage	830	13	High
LAH Insurance	500	11	High
P&C Insurance	170	10	Medium

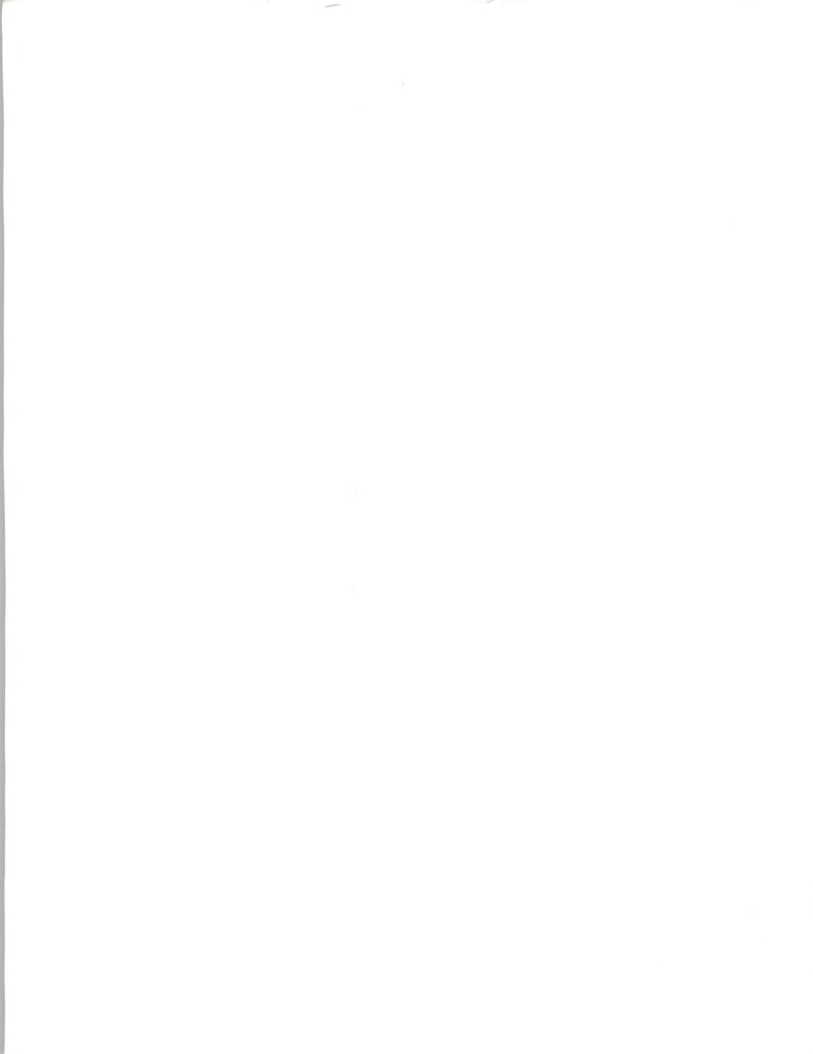
Delivery Mode Thrust:

Transaction Processing	2,900	13	Medium
System Operations	1,700	20	High
Turnkey Systems	1,000	10	Medium

Other Thrust:

Payroll/HR (All Industries)	1,200	14	High
-----------------------------	-------	----	------

* CAGR = Compound annual growth rate



Financial Services Market Observations

1. Growth:

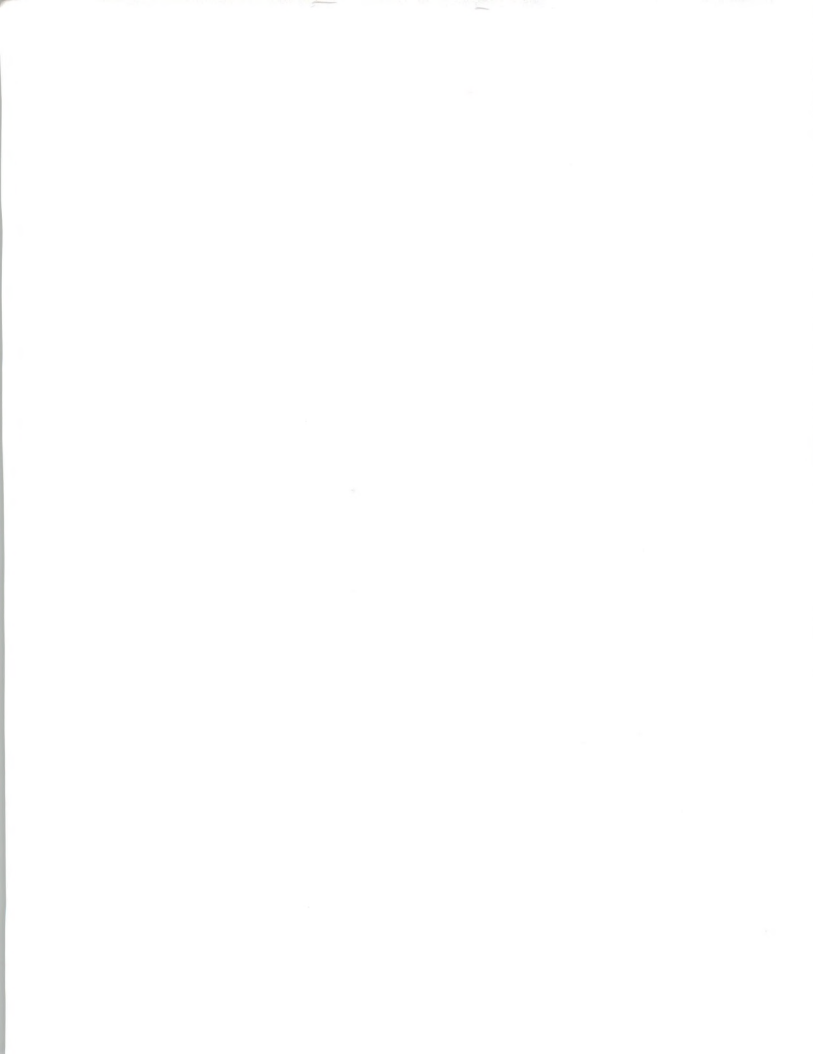
- Transaction processing is a mature area with lower than average growth *is industry (13% v. 17%)*
- Highest growth is in systems operations and systems integration *(20%+)*
- Two different growth mechanisms operate—processing firms typically acquire companies, while systems operations organizations often grow by “acquiring” client DP operations

2. Market Dynamics

- Vendor consolidation trend to continue
- Growth by acquisition is imperative on an ongoing basis (witness ADP, Equifax) *unless you are an IBM, EDS or Anderson Consulting*

3. Strategic Success Requirements

- Mother company management with acquisition experience
- Data comm *unications* network



(DISCARDS)

3. CANDIDATES CONSIDERED_n



spread out

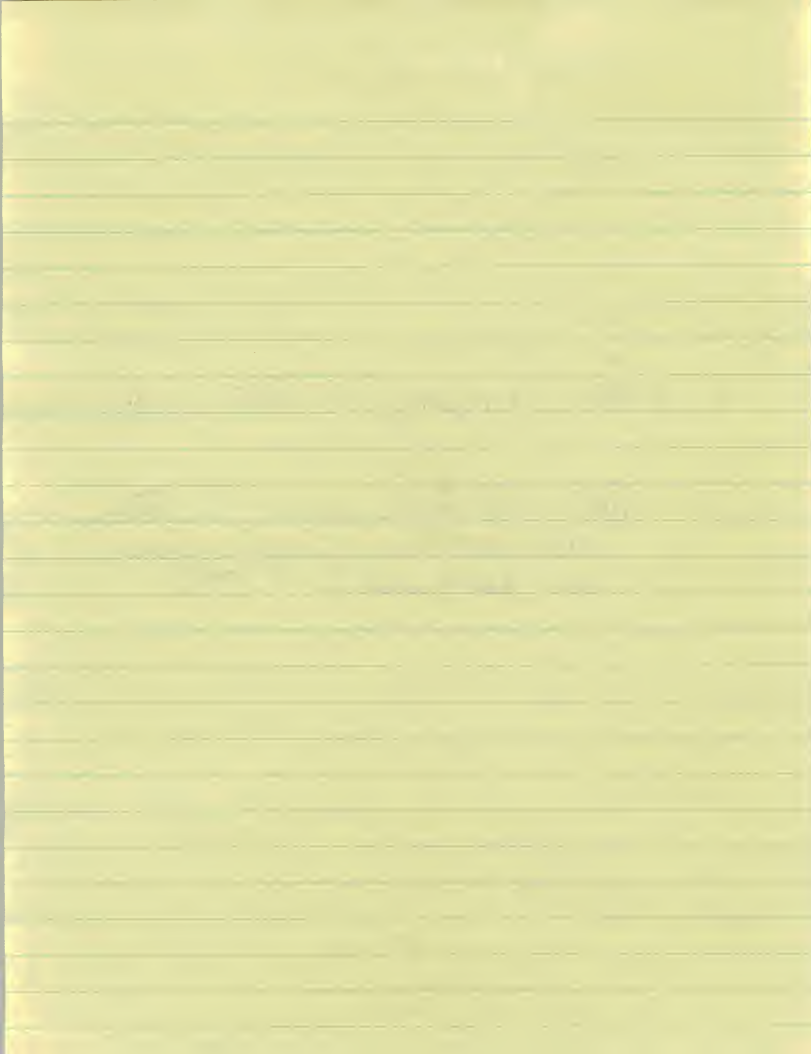
DISCARDED CANDIDATES RANKED BY SIZE

Company	1988 Financial Processing Revenues (\$ Millions)	Reason
FFMC	400	Too Large
ADP	260	Too Large/Not Available
First Data Resources	256	Not Available/Amex
MTech	170	Not Available/EDS
Policy Management Systems	123	Not Available/IBM 10%
Securities Industry Automation Corp.	120	Captive Industry Owned Non-Profit
EDS	107	Too Large
Computer Sciences	101	Assumed No Interest
ACS	100	Not Available
Citicorp Info. Resources	87	Not Available
Paychex	70	Too Small
Rich	?	Not Available (Renters)



4. Mother Company Candidate Evaluation

(note: all stock values, P/E ratios,
and market capitalization figures
are as of August 18, 1989)



EVALUATION OBSERVATIONS

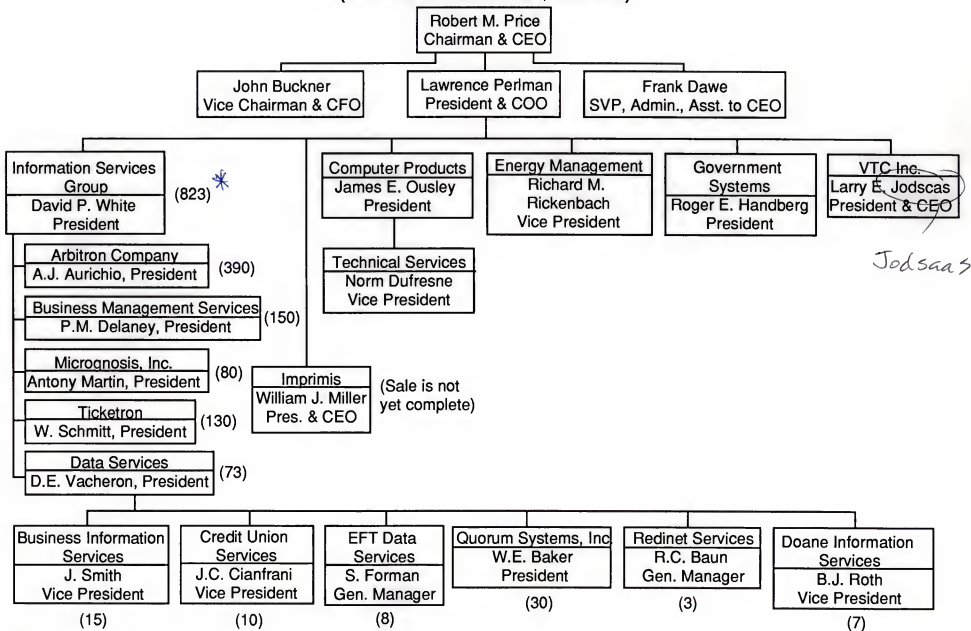
1. A wide range of choices is available to pursue - the pacing item for subsequent effort is willingness to sell.
2. Most candidates are niche players - only CDC Information Services and Equifax ~~have~~ ^{pursue} a broad range of financial markets.
3. The following criteria are unlikely to be met: ~~by an candidate~~:
 - NYC HQ/concentration
 - Markets with 20% plus CAGR's
 - Strong synergy with other Thorn services business in Europe
4. Other criteria appear achievable, including reasonable P/E ratios.
5. Market capitalizations range from \$200 - 400 million.
6. Market ~~size~~ ^{capitalization} ranges from one to three times revenue with the average about ~~two~~ two times.

Financial Services Market Area Coverage

Market Areas	Systematics	FI Serv	DST	SEI	NDC	Telecredit	CDC/BSG	M&I	Equipax	Comdata
Vertical Sector:										
1. Banking	X	X	X	X	X	X	X	X	X	
2. S&L	X	X				X	X		X	
3. Credit Union		X				X	X		X	
4. Brokerage			X	X			X			
5. LAH Ins.			X		X				X	
6. P&C Ins.			X						X	
Delivery Mode:										
1. Transaction Processing		X	X	X	X	X	X	X	X	X
2. System Oprtns.	X									
3. Turnkey Systems	X				X		X			
Other: Payroll							X			
TOTALS	4	4	5	3	4	4	67	2	6	1



CONTROL DATA CORPORATION
(Revenue estimates in \$ millions)



Jodscas

*After selling off \$64M of education/training business and \$23M for Action Data



5. INPUT ~~RECOMMENDATIONS~~ RECOMMENDATIONS

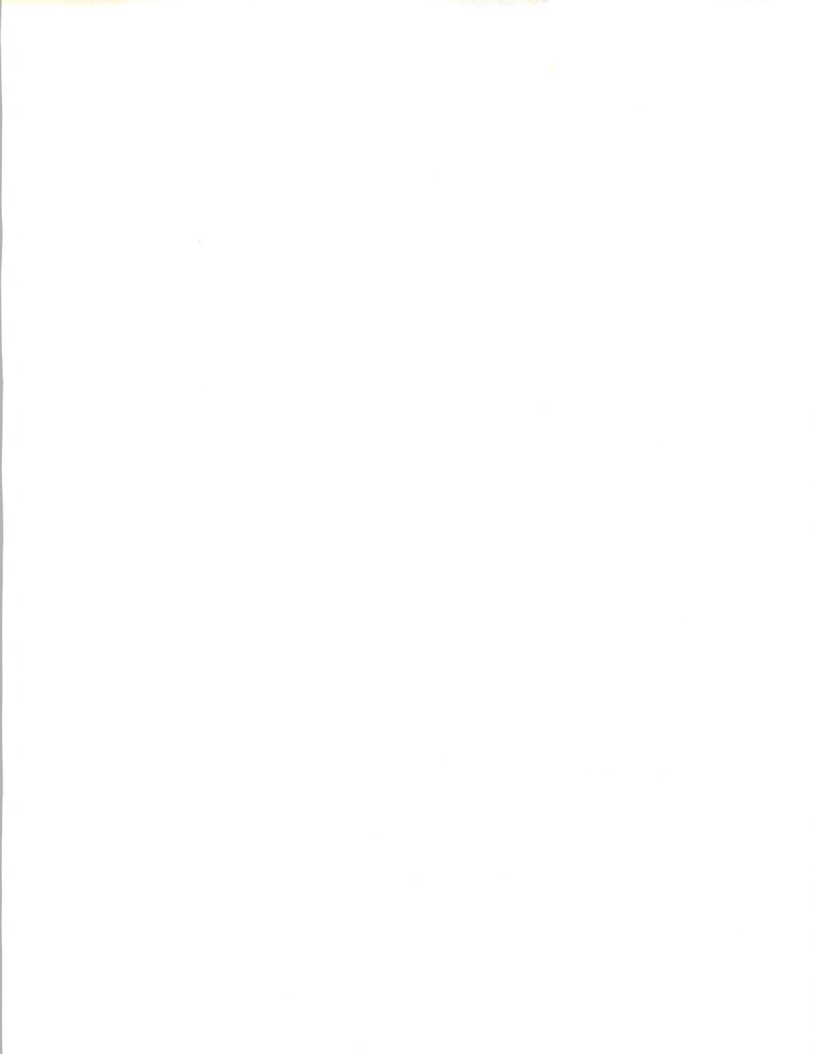
Mother Company Candidate Recommendations *

	Market Cap (\$)	P/E	Cap to Sales Ratio (Percent)
Priority A:			
1. Systematics	390	15	217
2. Control Data/Business Services	N/A	N/A	N/A
3. FIServ	190	18	152
4. National Data Corp.	408	19	231
Priority B:			
1. DST Systems	265	29	186
2. Telecredit	390	16	274
3. SEI Corp.	265	26	200
Priority C:			
1. M & I Data Services	N/A	N/A	N/A
2. Comdata	287	-	259
3. Equifax *	851	22	115

* ~~Deleted~~

* **Rationale:** The ten candidates are rated in three priority groups based on their fit with the criteria on the evaluation template and INPUT's subjective judgement.

Equifax is included as a "wild card" in the sense it falls outside the criteria in some respects, but is worth consideration.



~~PHASE~~ II - ACTION ITEMS

in the meeting

• (to be discussed)



Phase II—Action Items

(To Be Discussed in the Meeting)





Mellonics
Systems Development

P.O. BOX 3407
1001 W. MAUDE AVENUE
SUNNYVALE, CALIFORNIA 94088-3407
(408) 245-0795 X221,207,208

HARDCOVER - BURGUNDY

DATE 10/10/87
CHARGE NO. ZKBT

JOB DESCRIPTION THORN

COMPANY _____ CONTACT _____ PHONE () _____ EXT _____

PLATES OR MASTERS _____ NO. COPIES 7 _____ BINDING _____

PAPER: _____ SIZE _____ WEIGHT _____ TYPE _____ PUNCH _____

MISCELLANEOUS _____

<div>0 0 0 0 0</div> <div>TITLE</div> <div>□</div> <div>X</div>	<div>0 0 0 0 0</div> <div>OUTLINE</div> <div>X</div>	<div>0 0 0 0 0</div> <div>I</div> <div>X</div>	<div>0 0 0 0 0</div> <div>1 2</div> <div></div>	<div>0 0 0 0 0</div> <div>II</div> <div>X</div>
<div>0 0 0 0 0</div> <div>3 4</div> <div></div>	<div>0 0 0 0 0</div> <div>III</div> <div>X</div>	<div>0 0 0 0 0</div> <div>5 6</div> <div></div>	<div>0 0 0 0 0</div> <div>IV</div> <div>X</div>	<div>0 0 0 0 0</div> <div>7 → 102</div> <div></div>
<div>0 0 0 0 0</div> <div>V</div> <div>X</div>	<div>0 0 0 0 0</div> <div>103 104</div> <div></div>	<div>0 0 0 0 0</div> <div>VI</div> <div>X</div>	<div>0 0 0 0 0</div> <div>105 112</div> <div></div>	<div>0 0 0 0 0</div> <div></div> <div></div>
<div>0 0 0 0 0</div> <div></div> <div></div>	<div>0 0 0 0 0</div> <div></div> <div></div>	<div>0 0 0 0 0</div> <div></div> <div></div>	<div>0 0 0 0 0</div> <div></div> <div></div>	<div>0 0 0 0 0</div> <div></div> <div></div>

7/9/1
1247867

Fiserv - Company Report
SHEARSON LEHMAN BROTHERS HOLDINGS INC.
Hirsch, S.

DATE: 890726
INVESTEXT(tm) REPORT NUMBER: 924214, PAGE 0 OF 1
This is a(n) COMPANY report.

SECTION/TABLE HEADINGS:

Stock Price Data & Rating 1988-90	PG	1
Summary And Recommendation	PG	1
Opinion Legend	PG	1
Disclosure	PG	1

COMPANY: FISERV, INC.
TICKER SYMBOL: FISV
INDUSTRY CROSS REFERENCE: DATAPR

SIC CODES: 7374

SUBJECT DESCRIPTORS:

CUSTOMER BASE	PG	1
DISCLOSURE	PG	1
EARNINGS PER SHARE ESTIMATES	PG	1
INVESTMENT RECOMMENDATION	PG	1
QUARTERLY RESULTS	PG	1
STOCK PRICE DATA	PG	1
STOCK VALUATION	PG	1

PRODUCT DESCRIPTORS:

DATA PROCESSING SERVICES	PG	1
--------------------------	----	---

7/9/2
1247866

Fiserv - Company Report
SHEARSON LEHMAN BROTHERS HOLDINGS INC.
Hirsch, S.

DATE: 890726
INVESTEXT(tm) REPORT NUMBER: 924214, PAGE 1 OF 1
This is a(n) COMPANY report.

SECTION HEADINGS:

Summary And Recommendation
Opinion Legend
Disclosure

TABLE HEADINGS:

Stock Price Data & Rating 1988-90

TEXT:

Fiserv Rating 2/1
Second Quarter Results on Target

FISV, \$24 52-Week range: 24-18 FY 12/31 S&) 500: 333.88

[Part 1 of 2]

	1Q	2Q	3Q	4Q
1988	0.26	0.27	0.29	0.30
1989e	0.31a	0.33a	0.34	0.35
1990e	0.37	0.40	0.41	0.42

[Part 2 of 2]

	Year	P/E	Div.	Yield
1988	1.12	21.7	Nil	Nil
1989e	1.35	18.0	Nil	Nil
1990e	1.60	15.1	Nil	Nil

Shares outstanding: 8.5 million DJ Equities: 313.37

Fiserv's second quarter '89 results were exactly on target with our estimate at \$0.33 per share versus \$0.27 a year earlier. That represents a 22% increase. Revenue totaled \$40 million, up 48% (helped by acquisitions coupled late last year). The stock responded favorably to the second quarter news, advancing 3/4 on relatively decent volume of 82,000 shares and closing at \$24 on July 25.

FISV has consistently delivered on quarterly earnings, but there is lingering skepticism regarding the company's ability to do so because of its association with the thrift industry. The irony is that the profitability squeeze being experienced by the industry is having a favorable impact on FISV. The company indicates it is signing new clients at the rate of one every four and a half business days. It has added 29 clients in 1989's first half, a gain of 130% year over year.

A key element driving the company's growth is the increased realization by financial institutions that data processing departments are costly. For most, it is their single largest line item. By moving to FISV's processing services, real savings can be realized at no sacrifice in performance.

FISV has four acquisitions pending. If even two of these are completed, our growth expectations for next year will be solidified.

FISV shares have advanced 30% since February, but we continue to see healthy upside potential from current levels. Our objective is \$32 per share over the next 12 months, or a price appreciation potential of 33% - assuming that Fiserv attains its earnings targets, and is able to sustain its existing multiple on trailing 12-months EPS. FISV is on the SLH Selected Growth Stock Recommended List.

The following is a key to the investment rankings discussed in this report. The first digit is a short-term (ST) rank, a guide to expected price performance through a six-month time frame. The second digit is a more fundamental long-term (LT) rank reflecting expected performance over a period from six to 18 months. 1 = Buy; outperforms the market by

20 or more percentage points. 2 = Outperform the market by 10-20 points. 3 = Neutral performance in line with the market. 4 = Underperform the market by 10-20 points. 5 = Sell; underperform the market by 20 or more points.

Shearson Lehman Hutton Inc. makes a market in the securities of Fiserv Inc. OTC securities mentioned herein may not be blue skied in all states; brokers should check the FCI system or call the Blue Sky Department before placing orders.

COMPANY: FISERV, INC.
TICKER SYMBOL: FISV
INDUSTRY CROSS REFERENCE: DATAPR

SIC CODES: 7374

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *EARNINGS PER SHARE ESTIMATES;
*INVESTMENT RECOMMENDATION; *QUARTERLY RESULTS; *CUSTOMER BASE; *STOCK
VALUATION; *DISCLOSURE
PRODUCT DESCRIPTORS: DATA PROCESSING SERVICES

2/12/1
00020791
FISERV INC
2152 S 114 STREET
WEST ALLIS WI 53227

Exchange: NMS Ticker: FISV

SIC Code: 7374 (COMPUTER PROCESSING & DATA PREPARATION SERVICES)

Number of Companies in Industry: 30

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	40.1	2.8	.33	.00	8,280
89Q1 (03/89)	39.1	2.6	.31	.00	7,990
88Q4 (12/88)	37.8	2.4	.30	.00	8,280
88Q3 (09/88)	36.2	2.4	.29	.00	7,973
88Q2 (06/88)	27.1	2.2	.27	.00	7,826
88Q1 (03/88)	23.9	2.1	.26	.00	7,823
87Q4 (12/87)	22.6	2.0	.24	.00	7,809
87Q3 (09/87)	21.0	1.8	.22	.00	7,809
87Q2 (06/87)	21.4	1.7	.23	.00	7,766
87Q1 (03/87)	20.5	1.7	.23	.00	6,869
86Q4 (12/86)	19.9	1.3	.19	.00	6,869
86Q3 (09/86)	19.1	1.1	.18	.00	6,869
86Q2 (06/86)	15.7	1.2	.19	.00	6,869
86Q1 (03/86)	15.6	1.1	.18	.00	6,869
85Q4 (12/85)	10.6	.1	.01	.00	5,834
85Q3 (09/85)	7.4	.1	.01	.00	5,834



t s5/9/1-2

5/9/1

1192493

Systematics - Company ReportMERRILL LYNCH
McClellan, S.T.

DATE: 890424

INVESTEXT(tm) REPORT NUMBER: 913839, PAGE 0 OF 2

This is a(n) COMPANY report.

SECTION/TABLE HEADINGS:

Stock Price Data & Rating 1988-90	PG	1
Investment Highlights	PG	1
Earnings Prospects	PG	2
Earnings Model By Segment 1989-90	PG	2
Earnings Prospects	PG	2
Company Description	PG	2

COMPANY: SYSTEMATICS

TICKER SYMBOL: SYST

INDUSTRY CROSS REFERENCE: DATAPR; FINLNB

SIC CODES: 7374; 7372

SUBJECT DESCRIPTORS:

ANNUAL RESULTS	PG	2
BUSINESS SEGMENT REPORTING	PG	2
EARNINGS PER SHARE ESTIMATES	PG	1
	PG	2
FINANCIAL INFORMATION	PG	1
	PG	2
INVESTMENT RECOMMENDATION	PG	1
ORDERS AND CONTRACTS	PG	1
	PG	2
QUARTERLY RESULTS	PG	2
SALES/EARNINGS ESTIMATES	PG	2
STOCK PRICE DATA	PG	1
STOCK TRANSACTIONS AND OWNERSHIP	PG	1
STOCK VALUATION	PG	1

PRODUCT DESCRIPTORS:

DATA PROCESSING SERVICES	PG	1
	PG	2
FACILITIES MANAGEMENT	PG	1
	PG	2
SOFTWARE	PG	1
	PG	2

5/9/2

1192492

Systematics - Company Report

MERRILL LYNCH
McClellan, S.T.

DATE: 890424

INVESTEXT(tm) REPORT NUMBER: 913839, PAGE 1 OF 2
This is a(n) COMPANY report.

SECTION HEADINGS:

Investment Highlights

TABLE HEADINGS:

Stock Price Data & Rating 1988-90

TEXT:

Lowered Opinion

Systematics

Intermediate Term Opinion Lowered To Neutral (3)

Price (SYST - OTC): \$36 1/2
52-Week: \$36 3/4-25 3/4

BV/Shr (02/89): \$6.60
ROE 1989E Avg: 27.0%
Shrs Out (Mil): 11.3
Mkt Cap (Mil): \$412
Inst Ownship-Spectrum: 33%
LT Liabil % of Cap: 3.9%
Est 5 Yr Growth Rate: 21%
Options: None

EPS (May)	P/E	Cash Flow/Sh	P/CF
1990E: \$2.05	17.8	\$3.60	10.1
1989E: \$1.68	21.7	\$2.95	12.4
1988: \$1.39	26.3	\$2.56	14.3

Investment Opinion

Ind Div	Suitability: Good Quality (B)
Rate	Interm Term: Neutral (3)
Yield	Long Term: Buy (1)
\$0.40	Income: Same/Higher (7)

INVESTMENT HIGHLIGHTS:

We have lowered our intermediate term investment opinion to Neutral (3) from Above Average (2) based mainly on price considerations. Our long term recommendation remains a Buy (1). We believe the shares are likely to consolidate for a while following the recent run-up and in view of the current exceedingly high PE multiple. Systematics' shares have moved ahead 12% from 32 1/2 to above 36 1/2 during March-April, and are up 16% so far this year-to-date. This compares to the much slower data services group performance, ahead 3% so far this year. SYST now carries, in our opinion, an excessive price/earnings multiple of 19.6x our calendar 1989 estimate of \$1.84 per share, some five and one-half multiple points above the group average 14.3x PE multiple, by far the highest in the group. Its PE multiple carries a 65% premium over the S&P market average.

Meanwhile, Systematics' estimated current and long term growth rate of 21% is about on par with the group average, no higher. A 20% portion of revenue is somewhat volatile software and hardware sales as compared to steady long term bank processing data service contracts. And after having only 5 bank processing contracts come up for expiration in fiscal 1989 (May), all renewed, 9 are scheduled to expire in FY 1990 and 12 in FY 1991. Once before, in 1987, several expired and when many were not renewed, it led to an earnings deadline at that time. So this adds at least a modest measure of uncertainty. Finally, we note that the company's founder and Chairman is stepping aside at the end of May. Such a management change also adds unknowns.

While our investment opinion change is based mainly on price considerations, favorably, we continue to expect 21%-22% E.P.S. expansion in the current 4Q (May) and in fiscal 1990. Systematics demonstrates considerable stability and predictability of earnings due to its broad base of some 75 bank clients in facilities management (FM) data processing, all on 5-year or longer contracts. The amount of new bank FM client additions is impressive, 16 last year and 12 so far through 10 1/2 months of this fiscal year. Accounting is conservative with no software capitalization, and only one-third of software license fee sales recorded upfront, the remainder over 5 years. The bank data services market is booming as banks steadily chose to give out their data processing, especially as profit pressures intensify. Current earnings momentum is strong. Total cash flow is 75% higher than earnings.

COMPANY: SYSTEMATICS
TICKER SYMBOL: SYST
INDUSTRY CROSS REFERENCE: DATAPR; FINLNB

SIC CODES: 7374; 7372

SUBJECT DESCRIPTORS: *INVESTMENT RECOMMENDATION; *STOCK PRICE DATA;
*EARNINGS PER SHARE ESTIMATES; *STOCK VALUATION; *STOCK TRANSACTIONS AND
OWNERSHIP; *FINANCIAL INFORMATION; *ORDERS AND CONTRACTS
PRODUCT DESCRIPTORS: SOFTWARE; DATA PROCESSING SERVICES; FACILITIES
MANAGEMENT
? logoff hold

HISTORIC QUARTERLY EARNINGS

1/12/1

00013111

SYSTEMATICS INC

4001 RODNEY FARHAM ROAD

LITTLE ROCK AR 72212

Exchange: NMS Ticker: SYST

SIC Code: 7371 (COMPUTER PROGRAMMING SERVICES)
Number of Companies in Industry: 36

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q4 (05/89)	54.3	5.0	.44	.00	10,980
89Q3 (02/89)	53.4	5.1	.46	.00	10,980
89Q2 (11/88)	52.0	5.1	.45	.10	10,980
89Q1 (08/88)	47.1	3.7	.33	.00	10,980
88Q4 (05/88)	49.1	4.1	.36	2.12	10,840
88Q3 (02/88)	46.1	4.3	.38	.03	10,840
88Q2 (11/87)	43.9	4.2	.38	.02	10,840
88Q1 (08/87)	40.4	2.9	.26	.02	10,840
87Q4 (05/87)	38.3	2.3	.21	.03	10,820
87Q3 (02/87)	37.8	3.6	.33	.03	10,820
87Q2 (11/86)	34.2	2.5	.23	.03	10,820
87Q1 (08/86)	31.3	1.8	.16	.02	10,820
86Q4 (05/86)	31.8	3.0	.27	.04	10,821
86Q3 (02/86)	31.6	3.0	.27	.02	10,793
86Q2 (11/85)	30.9	2.8	.26	.02	10,787
86Q1 (08/85)	28.2	2.5	.23	.01	10,759



Stock Price Data & Rating 1988-90

TEXT:

NATIONAL DATA CORPORATION

(NDTA/OTC)

RATING #3/NEUTRAL

Price May 26: \$32 3/8 12-Month Price Range: \$33-\$19

FY90E EPS: \$2.15

P/E FY90E: 13.1X

FY89E EPS: \$1.73

P/E FY89E: 18.7X

FY88A EPS: \$1.43

P/E FY88A: 22.6X

Fiscal Year End: May Dividend/Yield: \$0.44/1%

Shares Outstanding: 11,581,000 Book Value: \$9.01

Market Capitalization: \$375 mil. Debt/Equity: 53%

Average Monthly Volume: 5,335,800 Return on Equity (1989E): 21%

SUMMARY

Headquartered in Atlanta, National Data Corporation is one of the pioneers in the transaction services market. Long before other companies perceived the value of such services, they were building a recurring revenue base. NDTA's competition comes from companies such as Tymnet (McDonnell Douglas [MD - \$79 1/2]), VISA, Mastercard, First Data Resources (American Express [AXP - \$33 7/8]), etc. Over the past five years, management has created a multi-service business driven off the same technology base. Generally this includes network processing and voice services. In network processing, the company provides credit card transaction services, health care claims processing and financial information services through a nationwide network that drives POS devices and terminals. In voice services, NDTA offers voice credit card authorization as well as telemarketing, long distance operator services and catalog fulfillment.

Earnings per share, including our FY89 estimate, will demonstrate growth at a 19% compound rate for the FY86-FY89E period due to the development of new services, acquisitions, and some margin improvement. NDTA stock has been the subject of acquisition rumors and a preliminary deal with Medco Containment Systems (MCCS - \$16 1/8), which was subsequently cancelled. Recently, H&R Block (HRB - \$28 1/2) sold its 9% stake in the company in an aborted acquisition move. We believe these suitors were interested in the overall strategy but upon closer examination found it was not necessary to own the whole company.

Through many years of effort, the company has built a sizable revenue base projected at \$218.0 million in FY89. We briefly summarize our long-term posture on NDTA, as well as recent events, as follows:

* Management has been able to transition from older services, with lower growth potential, to new ones without material impact.

* Health care claims processing is the largest new area of

expansion, although there are others.

* NDTA has successfully defended a leading market share in credit card authorization, providing a sizable transaction volume base which allows the addition of new services.

* A key challenge will be to replace a contract with U.S. Sprint for operator services that should wind down in March 1990. This should slow down earnings growth in FY91.

Relative to NDTA stock, our current #3, neutral, rating reflects questions about calendar 1990 as the aforementioned major contract unwinds, as well as the recent stock run. Overall, we are impressed with NDTA's progress in pharmacy claim transactions.

COMPANY: NATIONAL DATA CORP.

TICKER SYMBOL: NDTA

INDUSTRY CROSS REFERENCE: DATAPR

SIC CODES: 7374; 7371; 7373; 6153

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *INVESTMENT RECOMMENDATION;
*EARNINGS PER SHARE ESTIMATES; *COMPANY DESCRIPTION; *DIVESTITURES; *ANNUAL
RESULTS; *SALES/EARNINGS ESTIMATES

PRODUCT DESCRIPTORS: TRANSACTION PROCESSING SERVICES; INFORMATION SERVICES;
COMMUNICATIONS SERVICES; CREDIT AGENCIES

? logoff hold

3/12/1
 00005028
 NATIONAL DATA CORP
 NATIONAL DATA PLAZA
 ATLANTA GA 30329-2010

Exchange: NMS Ticker: NDTA

SIC Code: 7374 (COMPUTER PROCESSING & DATA PREPARATION SERVICES)

Number of Companies in Industry: 30

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q4 (05/89)	69.0	6.2	.53	.11	11,578
89Q3 (02/89)	55.5	5.2	.45	.11	11,530
89Q2 (11/88)	54.4	4.5	.39	.11	11,458
89Q1 (08/88)	48.6	4.3	.38	.11	11,458
88Q4 (05/88)	47.0	4.5	.39	.11	11,458
88Q3 (02/88)	44.2	4.3	.37	.11	11,444
88Q2 (11/87)	42.5	3.9	.34	.11	11,390
88Q1 (08/87)	43.4	3.7	.33	.11	11,267
87Q4 (05/87)	42.0	3.5	.31	.11	11,267
87Q3 (02/87)	40.0	3.5	.31	.11	11,273
87Q2 (11/86)	39.3	3.4	.30	.11	11,200
87Q1 (08/86)	37.6	3.1	.28	.11	11,198
86Q4 (05/86)	37.8	-1.4	.68	.11	11,730
86Q3 (02/86)	39.1	3.0	.26	.11	11,128
86Q2 (11/85)	37.1	2.6	.24	.11	11,071
86Q1 (08/85)	38.1	2.5	.23	.11	11,048

11/9/2

1118717

DST Systems Inc. - Company Report

MARKET GUIDE INC.

Laub, J.A.

DATE: 890330

INVESTEXT(tm) REPORT NUMBER: 624081, PAGE 1 OF 2

This is a(n) COMPANY report.

SECTION HEADINGS:

Summary
 Company Products
 Equity and Debt Distribution
 Corporate Office
 Market Makers

TABLE HEADINGS:

Table: Stock Price Data

TEXT:

DST Systems, Inc.

NASDAQ Symbol DSTS

PRICE	SHARE EARN. (LOSS)	P/E	APPROX. BID	MONTHLY
11 BID	LAST 12 MOS.	RATIO	RANGE 12 MOS.	VOL. EST.
11 1/2 ASK	\$0.61	18	18 1/2H, 11 1/4L	270000

FOLLOWING DATA FOR FISCAL DEC, 1988.

REVENUE	EARNINGS (LOSS)	EQUITY	AVG SHARES THEN	CURRENT FLOAT
PER SHARE	PER SHARE	PER SHARE	OUTSTANDING	(APPROXIMATE)
\$7.24	\$0.61	\$3.90	19118915	2300000

NM - NOT MEANINGFUL

N/A - NOT APPLICABLE

NA - NOT AVAILABLE

SUMMARY:

DST designs, develops and operates proprietary software systems which provide shareholder accounting & record-keeping services to the mutual fund industry. The service is distributed on a direct basis and through various subsidiary and joint venture affiliates. Revenues for the fiscal year ended 12/31/88 increased 1% to \$138.4M. Net income decreased 41% to \$11.7M. Results were negatively impacted by a 110% increase in contract labor expense.

COMPANY PRODUCTS:

SOFTWARE

EQUITY AND DEBT DISTRIBUTION:

Common Stock \$.01 Par, 12/88, 30M auth., 20,559,592 issued, less 1,541,800 shares in Treas. Insiders control approx. 1%, KCSI, Inc. owns approx. 87%. Public Offering 3/83, 1.25M shares @ \$26 by Morgan Stanley. ST Debt: \$13.5M @ Prime; LT Debt: \$27.5M @ 80% of Prime, \$20.3M @ 9% - 14.45%, \$8.6M @ Prime, \$1.4M cap. lse. 2-for-1 stock split, 9/87.

CORPORATE OFFICE:

1004 Baltimore Avenue, Kansas City, MO USA (816) 221-5545
 OFFICERS: T.A. McDonnell, Pres./CEO/Treasurer, Thomas McCullough, Exec. VP, R.D. Closterman, VP, Jules Moskowitz, VP/Secy. TRANSFER AGENT: United Missouri Bank of Kansas City, NA. Company incorporated in MO. Direct inquiries to: T.A. McDonald, Pres./CEO/Treas.

MARKET MAKERS:

ALEX BROWN & SONS, Baltimore, MD
 GEORGE K. BAUM, Kansas City, KS
 JOSEPH THAL & CO., New York, NY
 KIDDER, PEARBODY, New York, NY
 WM. V. FRANKEL, Jersey City, NJ
 WERTHEIM & CO., New York, NY
 PRUDENTIAL-BACHE, New York, NY
 TROSTER, SINGER, Jersey City, NJ
 SHERWOOD SECURITIES, Denver, CO

COMPANY: DST SYSTEMS INC.
 TICKER SYMBOL: DSTS
 INDUSTRY CROSS REFERENCE: DATAPR

SIC CODES: 7371; 7372; 7312

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *EARNINGS PER SHARE ESTIMATES;
 *STOCK TRANSACTIONS AND OWNERSHIP; *MANAGEMENT
 PRODUCT DESCRIPTORS: SOFTWARE
 ? logoff hold

4/12/1

00014612

DST SYST INC

301 W. 11TH ST.

KANSAS CITY MO 64105

Exchange: NMS Ticker: DSTS

SIC Code: 7373 (COMPUTER INTEGRATED SYSTEMS DESIGN)

Number of Companies in Industry: 50

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	31.5	2.9	.15	.04	19,018
89Q1 (03/89)	32.5	2.9	.15	.04	20,356
88Q4 (12/88)	34.2	.4	.03	.04	19,018
88Q3 (09/88)	36.9	2.4	.13	.04	19,153
88Q2 (06/88)	33.5	3.8	.20	.04	20,356
88Q1 (03/88)	33.8	5.0	.25	.03	19,446
87Q4 (12/87)	34.4	5.1	.26	.03	20,236
87Q3 (09/87)	35.6	5.3	.27	.03	19,614
87Q2 (06/87)	35.6	5.1	.26	.02	19,482
87Q1 (03/87)	31.9	4.3	.22	.03	19,408
86Q4 (12/86)	25.4	5.5	.29	.02	19,408
86Q3 (09/86)	22.8	3.1	.17	.03	19,400
86Q2 (06/86)	20.9	2.7	.14	.02	19,446
86Q1 (03/86)	19.5	1.8	.10	.03	19,446
85Q4 (12/85)	17.9	1.3	.07	.02	19,446
85Q3 (09/85)	17.2	2.1	.11	.03	19,594

13/9/2
1169967

Telecredit, Inc. - Company Report
SUTRO & CO., INC.
Wilson, J.F.

DATE: 890303
INVESTEXT(tm) REPORT NUMBER: 911740, PAGE 1 OF 9
This is a(n) COMPANY report.

SECTION HEADINGS:
Summary And Recommendation
Company Background

TABLE HEADINGS:
Stock Price Data 1987-90

TEXT:
March 3, 1989
DJIA: 2274.29
S&P 400: 336.35

TELECREDIT, INC.

	Fiscal Years Ending April			
	1987	1988A	1989E	1990P
Revenue (Millions)	\$123.9	\$142.7	\$162.2	\$174.6
Earnings Per Share (Loss)	\$0.88	(\$0.65)(*)	\$2.25	\$2.60
Price-Earnings Ratio			13.9x	12.0x
Recent Price:	\$31 1/4	Shares Outstanding:	10.1 Million	
Symbol - Exchange:	TCRD - OTC	Market Value:	\$343.8 Million	
52-Week Range:	\$46-26	Float (Estimated):	10.6 Million	
Dividend/Yield:	\$1.00/3.2%	Avg. Daily Volume (3 mos)	136,000 Shares	
Book Value		Per Market Value/Est.		
Share:	\$5.98	1989 Sales:	212%	
LT Debt/Total Capital:	None	Return-on-Equity (Est.):	35%	

(*) After \$25.2 million pretax writedown of discontinued operations. We estimate EPS from ongoing operations of approximately \$1.85.

SUMMARY AND RECOMMENDATION - BUY

We are initiating coverage of Telecredit and recommending purchase of the stock for aggressive accounts. These shares came under selling pressure last June when a one-time writedown of assets produced a net loss for the April 1988 fiscal year, and again in October when management announced that a major credit union service bureau served by Telecredit was considering offering a competitive credit card processing service to its members. The shares are currently trading at about 65% of their 1988 high despite continued strong progress in revenue and operating earnings. As discussed below, we think that TCRD will retain its service contracts with the majority of the credit

unions it now serves. With further revenue growth and the elimination of an important loss activity, we expect a strong earnings performance in fiscal years 1989 and 1990. Market progress for the shares may be impeded until the picture clears with respect to ongoing servicing of its credit union customers, but we regard TCRD as attractive around current levels for long-term growth potential. We see minimal downside risk in the stock from present levels and feel that the stock can again reach \$40 per share with any significant retention of the credit union business.

COMPANY BACKGROUND

Headquartered in Los Angeles, Telecredit was formed in 1961 and is one of the nation's leading independent payment services and authorization companies for checks and credit cards. The company operates processing centers in both Los Angeles and Tampa. As a result of its 1984 acquisition of Light Signatures Inc., Telecredit also offers secure document processing systems that protect users against counterfeiting. The company has historically shown 20% annual earnings growth and its financial position is strong, with no long-term debt outstanding and 55% of total assets in cash and marketable securities.

COMPANY: TELECREDIT , INC.

TICKER SYMBOL: TCRD

INDUSTRY CROSS REFERENCE: DATAPR; ELECTS; FINLNB

SIC CODES: 7374; 3674; 7389; 7321; 7399

SUBJECT DESCRIPTORS: *STOCK TRANSACTIONS AND OWNERSHIP; *STOCK PRICE DATA;

*STOCK VALUATION; *EARNINGS PER SHARE ESTIMATES; *SALES/EARNINGS ESTIMATES;

*INVESTMENT RECOMMENDATION; *COMPANY DESCRIPTION

PRODUCT DESCRIPTORS: DATA PROCESSING SERVICES; CREDIT CARD SERVICES

? logoff hold



5/12/1
 00005600
 TELECREDIT INCORPORATED
 1901 AVENUE OF THE STARS
 LOS ANGELES CA 90067

Exchange: NMS Ticker: TCRD

SIC Code: 7389 (BUSINESS SERVICES, N.E.C.)
 Number of Companies in Industry: 27
 This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q4 (04/89)	33.2	6.0	.54	.25	10,843
89Q3 (01/89)	46.7	7.6	.69	.25	10,843
89Q2 (10/88)	36.4	5.6	.51	.07	10,815
89Q1 (07/88)	35.3	5.7	.52	.07	10,733
88Q4 (04/88)	35.4	-17.9	-1.62	.07	10,567
88Q3 (01/88)	42.1	4.9	.45	.06	10,567
88Q2 (10/87)	33.1	3.2	.29	.06	10,567
88Q1 (07/87)	32.1	2.8	.26	.06	10,492
87Q4 (04/87)	31.2	2.6	.24	.09	10,408
87Q3 (01/87)	34.2	3.5	.32	.06	10,338
87Q2 (10/86)	29.0	2.1	.19	.05	10,338
87Q1 (07/86)	26.9	1.4	.13	.04	10,338
86Q4 (04/86)	26.6	1.4	.14	.05	10,200
86Q3 (01/86)	29.8	2.2	.22	.04	10,200
86Q2 (10/85)	23.2	.8	.08	.04	10,190
86Q1 (07/85)	22.7	.9	.09	.04	10,180

? t s15/9/2

15/9/2
1166671SEI Corporation - Company Report
MARKET GUIDE INC.
Zafra, S.DATE: 890525
INVESTEXT(tm) REPORT NUMBER: 627714, PAGE 1 OF 2
This is a(n) COMPANY report.

SECTION HEADINGS:

Summary
Company Products
Equity and Debt Distribution
Corporate Office
Market Makers

TABLE HEADINGS:

Table: Stock Price Data

TEXT:

SEI Corporation
NASDAQ Symbol SEIC

PRICE	SHARE EARN. (LOSS)	P/E	APPROX. BID	MONTHLY
	LAST 12 MOS.	RATIO	RANGE 12 MOS.	VOL. EST.
16 3/8 BID				
16 5/8 ASK	\$1.05	16	21 1/2H, 15 1/2L	720000

FOLLOWING DATA FOR FISCAL DEC, 1988.				
REVENUE	EARNINGS (LOSS)	EQUITY	AVG SHARES THEN	CURRENT FLOAT
PER SHARE	PER SHARE	PER SHARE	OUTSTANDING	(APPROXIMATE)
\$ 10.44	\$1.04	\$3.78	12633000	5600000

NM - NOT MEANINGFUL
N/A - NOT APPLICABLE
NA - NOT AVAILABLE

SUMMARY:

SEI is engaged in providing trust accounting automation services, software processing, investment accounting and related products, and evaluation services as they relate to pension funds. Revenues for the three months ended 3/89 fell 2% to \$32.8 mil. Net income decreased 3% to \$3.2 mil. Results were negatively impacted from decreases in the Information and Evaluation Services segments and increased interest expense.

COMPANY PRODUCTS:

DATA PROCESSING SERVICES; FINANCIAL SERVICES

INFORMATION SERVICES; CONSULTING SERVICES; BUSINESS SERVICES

EQUITY AND DEBT DISTRIBUTION:

Common Stock \$.01 Par, 3/89, 20 mil auth., 10,939,737 outstanding net of shares in Treas. @ \$18.9M. Insiders control approx. 37%, Ariel Management owns approximately 12%. Public Offering 3/81, 700K shares @ \$17 by Lufkin, Jenrette Securities Corp. The Company reports no long or short term debt. 6/87, 2-for-1 stock split.

CORPORATE OFFICE:

680 E. Swedesford Road, Wayne, PA USA (215) 254-1000
OFFICERS: Alfred West, Pres./CEO, Carmen Romeo, Exec. VP/
CFD, Robert Neshier, Exec. VP, D. Bruce Peterson, Exec. VP,
Donald Putnam, Exec. VP, David Robb, Exec. VP, William Doran
Secy. TRANSFER AGENT: The First National Bank of Boston.
Incorporated in PA. Inquiries: Carmen Romeo, Exec. VP/CFD.

MARKET MAKERS:

ALEX BROWN & SONS, Baltimore, MD
DEAN, WITTER, REYNOLDS, New York, NY
HERZOG, HEINE, GEDULD, New York, NY
PITFIELD, MACKAY, New York, NY
MERRILL LYNCH, New York, NY
SHEARSON/AMEX, New York, NY
WHEAT, FIRST SEC., Richmond, VA
SHERWOOD SECURITIES, Denver, CO
JEFFERIES & CO., Los Angeles, CA
HAMBRECHT & QUIST, New York, NY
INTERSTATE SECURITIES, Charlotte, NC

COMPANY: SEI CORPORATION

TICKER SYMBOL: SEIC

INDUSTRY CROSS REFERENCE: DATAPR; MISSVC; COMPUT; PRTPUB; FINLNB

SIC CODES: 7379; 7374; 7389; 7372; 8931

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *EARNINGS PER SHARE ESTIMATES;
*STOCK TRANSACTIONS AND OWNERSHIP; *MANAGEMENT
PRODUCT DESCRIPTORS: DATA PROCESSING SERVICES; FINANCIAL SERVICES;
INFORMATION SERVICES; CONSULTING SERVICES; BUSINESS SERVICES

6/12/1
00012331
SEI CORPORATION
680 E. SWEDES FORD RD.
WAYNE PA 19087

Exchange: NMS Ticker: SEIC

SIC Code: 7374 (COMPUTER PROCESSING & DATA PREPARATION SERVICES)

Number of Companies in Industry: 30

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	36.3	3.0	.26	.00	11,328
89Q1 (03/89)	32.8	3.2	.27	.05	11,713
88Q4 (12/88)	33.1	3.1	.25	.00	11,713
88Q3 (09/88)	33.2	3.2	.25	.05	11,713
88Q2 (06/88)	32.3	3.6	.28	.00	11,713
88Q1 (03/88)	33.3	3.3	.26	.00	11,713
87Q4 (12/87)	32.6	2.9	.23	.00	11,856
87Q3 (09/87)	29.9	2.7	.21	.00	11,726
87Q2 (06/87)	30.4	2.2	.17	.00	11,714
87Q1 (03/87)	29.9	1.7	.14	.00	11,800
86Q4 (12/86)	31.9	.9	.08	.00	11,800
86Q3 (09/86)	27.6	-10.2	-.87	.00	11,764
86Q2 (06/86)	30.4	.9	.08	.00	11,720
86Q1 (03/86)	28.7	1.2	.10	.00	11,480
85Q4 (12/85)	26.9	1.1	.09	.00	11,480
85Q3 (09/85)	26.9	1.0	.09	.00	11,446



2/5/6
 1223741
 SunGard Data Systems, Inc. - Company Report
 Carpenter, C.D.

DATE: 890628
 INVESTEXT(tm) REPORT NUMBER: 921230, PAGE 2 OF 8
 This is a(n) COMPANY report.

SECTION HEADINGS:
 Investment Theme

TEXT:
 INVESTMENT THEME

SunGard should be able to maintain its strong competitive position in the disaster-recovery service market and participate in the rapid growth of the market over the next five years. We do not see any reason to believe that IBM will slow SunGard's growth. We expect the valuation on the stock to recovery to approximately a 15-10 P/E as it becomes clear that SunGard is on track to meet its growth objective of 20% per year.

We think SunGard Data Systems stock is a buy now because it is selling at a 17% discount in P/E to comparable computer-services stocks (13.4 times for SunGard versus 16.4 times for the group) due to concerns about competition from IBM in disaster-recovery services. We think it is likely that the P/E on the stock will move back up to parity with comparable stocks once concerns about competitive pressure from IBM ease. We believe SunGard's revenues and earnings growth is (and will continue to be) unaffected by IBM's entry into the disaster-recovery services market. We have raised our EPS estimates for FY 1989 and FY 1990 to \$1.25 and \$1.50, respectively, because we now expect SunGard to continue to grow at least 20% per year.

While IBM's entry into the disaster-recovery service market will likely allow IBM to capture some business, its perceived impact on SunGard is overstated in our opinion. SunGard only generates 38%, or \$60 million, of its \$157 million in projected 1989 revenues from disaster-recovery service contracts (1). The majority of SunGard's revenues and earnings comes from investment-management software products and data-processing services, as well as disaster-recovery consulting services and software products, which are not affected by the new IBM recovery service.

(1) SunGard also generates \$11.2 million from computer services that are included in the Disaster Recovery Services Division, but these revenues are not derived from the disaster-recovery market; SunGard sells the idle computer capacity in its recovery centers at night to data-processing clients.

More importantly, our research indicates that IBM is 12 to 24 months away from having a credible service offering. We think SunGard has a window of opportunity over this time frame to expand its market share and recovery-service capacity, such that it will be too strong a

competitor for IBM to dislodge. We estimate the demand for disaster-recovery services to grow 25% per year over the next five years from \$250 million to \$1.0 billion in annual revenues. We think SunGard is well positioned to participate in the rapid growth of this market.

While IBM announced in April that it is entering the disaster-recovery service market, it is still beta testing its service in Tampa, Florida. To our knowledge, IBM has not signed any contracts with customers. IBM has not distributed any printed material describing its services or its prices. IBM has one recovery center in Tampa with a 3090-600 mainframe and intends to open a second center in Franklin Lakes, New Jersey, in fall 1989. Customers with whom we have spoken have not heard many details of IBM's proposed service. However, we have learned that quoted prices for the IBM service run 33% to 250% higher than SunGard's. A number of existing SunGard customers say that, due to the time, effort, and expense of establishing backup telecommunications links to a recovery center, they would not change vendors unless there were at least a 30% discount in price. If so, we think that IBM's proposed pricing is sufficiently high that it does not pose a significant threat to the existing customer base of SunGard.

COMPANY: SUNGARD DATA SYSTEMS, INC.

TICKER SYMBOL: SNDT

INDUSTRY CROSS REFERENCE: DATAPR; COMPUT

SIC CODES: 7372; 7373; 3674; 3679

SUBJECT DESCRIPTORS: *STOCK VALUATION; *INVESTMENT RECOMMENDATION;

*EARNINGS PER SHARE ESTIMATES; *COMPETITION; *SALES/EARNINGS ESTIMATES

PRODUCT DESCRIPTORS: COMPUTER SERVICES; SOFTWARE; DATA PROCESSING SERVICES

00019604
 SUNGARD DATA SYSTS INC
 1285 DRUMMERS LANE 2 GLENHARDIE CP. CTR
 WAYNE PA 19087

Exchange: NMS Ticker: SNDT

SIC Code: 7374 (COMPUTER PROCESSING & DATA PREPARATION SERVICES)

Number of Companies in Industry: 30

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	37.9	3.4	.31	.00	10,376
89Q1 (03/89)	35.5	3.0	.27	.00	10,239
88Q4 (12/88)	32.6	3.3	.31	.00	10,239
88Q3 (09/88)	31.1	2.8	.26	.00	10,239
88Q2 (06/88)	29.9	2.7	.25	.00	10,179
88Q1 (03/88)	28.3	2.4	.23	.00	10,120
87Q4 (12/87)	24.9	2.3	.22	.00	10,143
87Q3 (09/87)	22.5	2.1	.20	.00	10,013
87Q2 (06/87)	21.9	2.1	.20	.00	9,746
87Q1 (03/87)	21.8	1.7	.19	.00	9,746
86Q4 (12/86)	20.0	.9	.10	.00	8,546
86Q3 (09/86)	16.9	1.6	.18	.00	8,349
86Q2 (06/86)	16.3	1.6	.18	.00	8,313
86Q1 (03/86)	15.8	1.3	.17	.00	8,313
85Q4 (12/85)	15.2	.8	.11	.00	7,292
85Q3 (09/85)	14.8	1.2	.16	.00	7,292

17/9/82

1216382

Comdata Holdings Corp. - Company Report

MARKET GUIDE INC.

Holihan, J.J.

DATE: 890712

INVESTEXT(tm) REPORT NUMBER: 631367, PAGE 1 OF 2

This is a(n) COMPANY report.

SECTION HEADINGS:

Summary
 Company Products
 Equity and Debt Distribution
 Corporate Office
 Market Makers

TABLE HEADINGS:

Table: Stock Price Data

TEXT:

Comdata Holdings Corp.

NASDAQ Symbol CMDT

PRICE	SHARE EARN. (LOSS)	P/E	APPROX. BID	MONTHLY
7 1/4 BID	LAST 12 MOS.	RATIO	RANGE 12 MOS.	VOL. EST.
	\$-0.280	NM	7 5/8H, 3 5/8L	160000

FOLLOWING DATA FOR FISCAL DEC, 1988.				
REVENUE	EARNINGS (LOSS)	EQUITY	AVG SHARES THEN	CURRENT FLOAT
PER SHARE	PER SHARE	PER SHARE	OUTSTANDING	(APPROXIMATE)
\$3.71	\$-0.290	\$1.47	30021954	17900000

NM - NOT MEANINGFUL
 N/A - NOT APPLICABLE
 NA - NOT AVAILABLE

SUMMARY:

Comdata Holdings Corp. is engaged in electronic funds transfer. CMDT also provides cash dispensing systems involving Visa or MasterCard in casinos and racetracks. CMDT acquired the Common Stock of Comdata Network in 9/87. For the three months ended 3/89, revenues rose 21% to \$32.1M. Net loss fell 6% to \$1.97M. In 6/89, CMDT announced it had made several acquisitions for a total of \$56M plus payments totaling \$47M (over 6 years) and \$16M in other payments.

COMPANY PRODUCTS:

AUTOMATED TELLER MACHINES; ELECTRONIC FUNDS TRANSFER SYSTEMS

EQUITY AND DEBT DISTRIBUTION:

Common Stock \$.01 Par, 5/89, 60M auth., 33,822,517 issued. Insiders control approx. 2%, 5 others own a total of approx. 45%. Public Offering: NA. Long term debt: \$89M @ 13.5%, \$52.6M @ 14.2%, \$50M @ 13.75%, \$39M @ Prime + 1.5%, \$5.6M @ 10.8% - 12.5%, 2.9M in capital lease obligations. *FY'87 financials are pro forma reflecting the 9/87 acquisition.

CORPORATE OFFICE:

2209 Crestmoor Road, Nashville, TN USA (615) 385-0400
 OFFICERS: George L. McTavish, President/CEO, Tarpley B. Jones, Sr. VP/CFD, Sr. VP's: George DeHaven, Clarence L. Coleman, Colleen Boylan, R. Douglas Easters. TRANSFER AGENT: Third National Bank. Company incorporated in DE. Direct inquiries to: Tarpley B. Jones, Sr. VP/CFD.

MARKET MAKERS:

CHAPIN, DAVIS, Baltimore, MD
 DREXEL BURNHAM LAMBERT, New York, NY
 MERRILL LYNCH, New York, NY
 NASH, WEISS, Jersey City, NJ
 KAYNE ANDERSON & COMPANY, Los Angeles, CA
 TROSTER, SINGER, Jersey City, NJ
 SHERWOOD SECURITIES, Denver, CO
 DEAN, WITTER, REYNOLDS, New York, NY

COMPANY: COMDATA HOLDINGS CORP.
 TICKER SYMBOL: CMDT
 INDUSTRY CROSS REFERENCE: ELECTS

SIC CODES: 6099

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *EARNINGS PER SHARE ESTIMATES;
 *STOCK TRANSACTIONS AND OWNERSHIP; *MANAGEMENT
 PRODUCT DESCRIPTORS: AUTOMATED TELLER MACHINES; ELECTRONIC FUNDS TRANSFER SYSTEMS

7/12/1
 00023065
 COMDATA HOLDINGS CP
 2209 CRESTMOOR ROAD
 NASHVILLE TN 37215

Exchange: NMS Ticker: CMDT

SIC Code: 6099 (UNCLASSIFIABLE ESTABLISHMENTS)
 Number of Companies in Industry: 1
 This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	32.7	-1.8	-.07	.00	26,448
89Q1 (03/89)	32.1	-2.0	-.06	.00	26,448
88Q4 (12/88)	28.5	-3.7	-.14	.00	33,780
88Q3 (09/88)	26.8	-1.3	-.05	.00	26,448
88Q2 (06/88)	25.8	-1.9	-.07	.00	26,578
88Q1 (03/88)	24.9	-2.0	-.08	.00	26,578
87Q4 (12/87)	8.1	-1.6	-.06	.00	25,973
87Q3 (09/87)	8.1	-1.5	-.06	.00	25,973
87Q2 (06/87)	8.0	-1.5	-.06	.00	25,973
87Q1 (03/87)	8.0	-1.5	-.06	.00	25,973
86Q4 (12/86)	21.7	3.1	.12	.00	25,973
86Q3 (09/86)	21.7	3.1	.12	.00	25,973
86Q2 (06/86)	21.6	3.0	.12	.00	25,973
86Q1 (03/86)	21.6	3.0	.11	.00	25,973

19/9/2

1240359

Equifax, Inc. - Company Report

BEAR STEARNS & COMPANY

Giglio, L.

DATE: 890707

INVESTEXT(tm) REPORT NUMBER: 922799, PAGE 1 OF 3

This is a(n) COMPANY report.

SECTION HEADINGS:

Background

Summary And Investment Conclusion

Key Points

TABLE HEADINGS:

Stock Price Data & Rating 1987-90

TEXT:

Equifax, Inc. (EFX)

Recommendation: BUY

[Part 1 of 3]

Price	\$34.38
52 Week Range	\$30-24
Avg Shares (MM)	24.6
Daily Vol (00)	NA
LT Debt/Capital	19%
Mkt cap'n (\$MM)	\$846
Revenues (FY88)	\$743
Book value/share	\$9.19
Dividend	\$0.84
ROAE (FY88)	15%
Exp'd Rptg Date	7/24
Price/Sales	114%
Price/Book	374%
Yield	2.4%
3 yr EPS Growth	20%

[Part 2 of 3]

E.P.S.	Q1	Q2	Q3	Q4
FY 12/31	3/31	6/30	9/30	12/31
1987	\$0.27	\$0.40	\$0.34	\$0.41
1988	\$0.30	\$0.43	\$0.39	\$0.34
1989E	\$0.35A	\$0.44	\$0.51	\$0.60
1990E	NA	NA	NA	NA

[Part 3 of 3]

E.P.S.	Fiscal Yr.	Prev.	Cal Year
FY 12/31	EPS	FY Est	EPS P/E

1987	\$1.42	24.2		\$1.42	24.2
1988	\$1.46	23.5		\$1.46	23.5
1989E	\$1.90	18.1	\$1.93	\$1.91	18.0
1990E	\$2.28	15.1		NA	NA

[Graphical Material Omitted: Stock Price Data]

CLUE-d for Success

Background

Equifax is a leading provider of information services to the insurance and financial industries.

Summary and Investment Conclusion

We continue to recommend purchase of Equifax shares. We recently hosted a luncheon and conference call for Equifax management, including C.B. (Jack) Rogers, President, and Herbert Phillips, Chief Financial Officer. During the two sessions, we reviewed the progress in improving margins in services to the property and casualty insurance industry, the continued growth in services for life and health insurance, and the continued strength of the credit reporting business.

Key Points:

- * Equifax is in final negotiations with State Farm for its Comprehensive Loss Underwriting Exchange (CLUE) service. Nationwide - the third-largest insurer behind State Farm and Allstate - is testing the service.

- * CLUE may approach breakeven status this year; long-term, Rogers projects a \$25-million CLUE service for Equifax.

- * EFX is being more cautious about extensions of the CLUE service to other insurance segments, particularly the health segment. Nonetheless, management had put these projects on hold while waiting for the personal automobile version of CLUE to prove its viability.

- * Insurance margins have improved dramatically with the staff reductions of last year. Operating margins in recent months have topped 6%.

- * The insurance sector margin improvement, faster than we anticipated, has caused us to raise our second-quarter EPS estimate from \$0.44 to \$0.47. We are maintaining our \$1.90 estimate for the year; that level is now very obtainable and might be exceeded.

- * Equifax now has credit files on 150 million consumers in all 50 states. Information will be added in about seven states to finish the database by the end of this year.

- * The pace of acquisitions for the credit-reporting sector can decrease now that the database is near completion. Since the credit acquisitions are dilutive for at least the first year, this can help

margins over the next 12-18 months.

COMPANY: EQUIFAX, INC.

TICKER SYMBOL: EFX

INDUSTRY CROSS REFERENCE: MISSVC; DATAPR

SIC CODES: 7375; 7323; 7392; 7321

SUBJECT DESCRIPTORS: *INVESTMENT RECOMMENDATION; *STOCK VALUATION; *STOCK
PRICE DATA; *EARNINGS PER SHARE ESTIMATES; *SALES/EARNINGS ESTIMATES; *NEW
PRODUCTS

PRODUCT DESCRIPTORS: *INFORMATION SERVICES; CREDIT REPORTING AGENCIES

? logoff hold

? t s8/12/1

8/12/1
 00001576
 EQUIFAX INC
 P.O. BOX 4081
 ATLANTA GA 30302

Exchange: NYS Ticker: EFX

SIC Code: 7389 (BUSINESS SERVICES, N.E.C.)
 Number of Companies in Industry: 27
 This is a(n) COMPANY Record

QUARTERLY STATEMENT

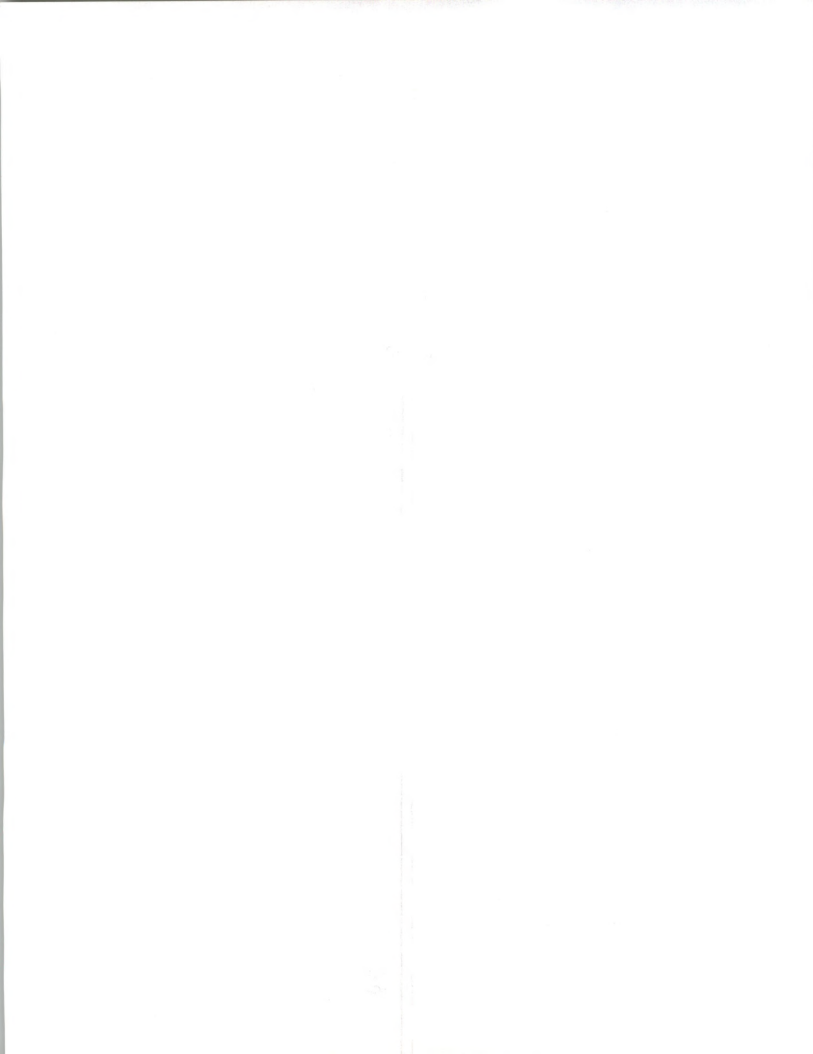
Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	212.1	12.0	.49	.21	24,487
89Q1 (03/89)	195.5	8.5	.35	.21	24,480
88Q4 (12/88)	199.8	8.4	.34	.21	24,465
88Q3 (09/88)	189.3	9.6	.39	.19	22,744
88Q2 (06/88)	184.1	9.5	.43	.19	21,890
88Q1 (03/88)	170.0	6.4	.30	.19	21,506
87Q4 (12/87)	176.4	8.8	.41	.19	21,388
87Q3 (09/87)	167.0	7.2	.34	.17	21,386
87Q2 (06/87)	167.9	8.8	.41	.17	21,381
87Q1 (03/87)	158.8	5.7	.27	.17	21,381
86Q4 (12/86)	161.5	4.6	.22	.17	21,380
86Q3 (09/86)	158.6	6.8	.32	.16	21,380
86Q2 (06/86)	164.2	8.1	.38	.15	21,380
86Q1 (03/86)	150.7	6.1	.28	.16	21,368
85Q4 (12/85)	152.4	5.3	.25	.15	21,368
85Q3 (09/85)	142.7	1.3	.06	.15	21,358

617 236 5885

Phase I Project Results to Thorn Software



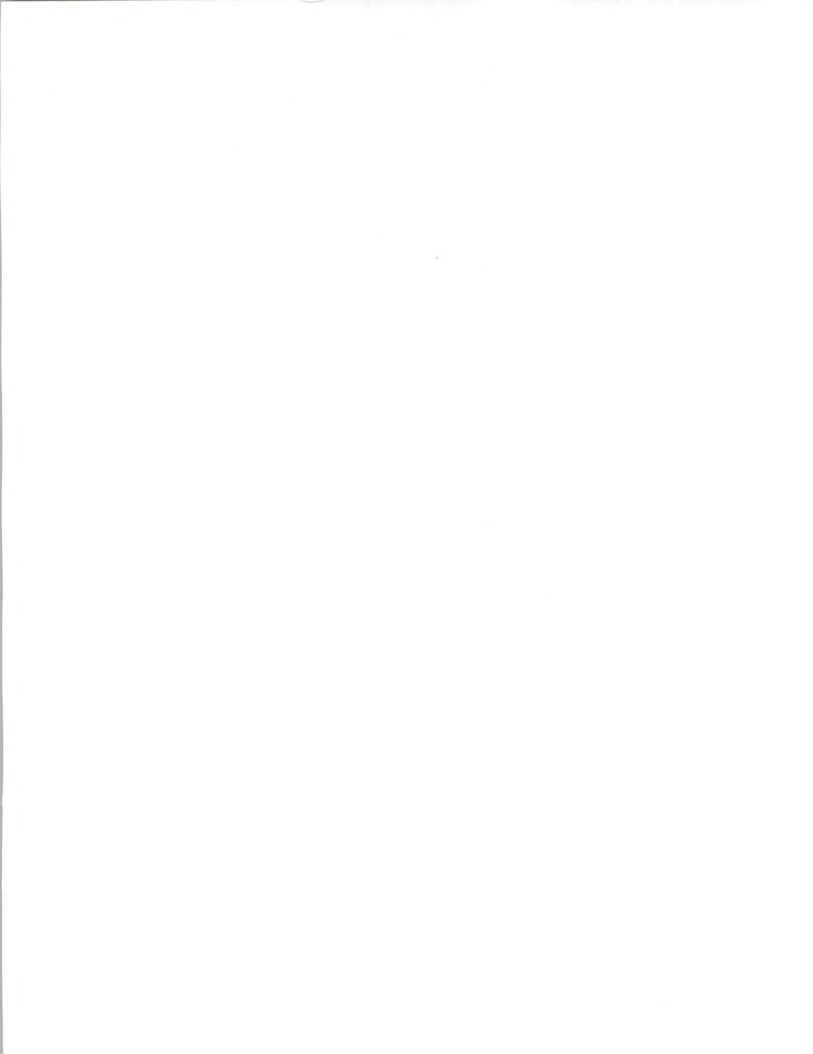
September 29, 1989



Outline

I. Phase I Project Objectives and Methodology	Page 1
II. Thorn Market Strategy Options	3
III. Mother Company Candidates Considered (Discards)	5
IV. Candidate Evaluation Results	7
A. Evaluation Observations	7
B. Financial Services Market Area Coverage	8
C. Candidate Information (Templates, Profiles, On-Line Search Data)	9
1.* Systematics	11
2.* CDC Business Management Services/ Micrognosis	23 29
3.* FIServe	36
4.* National Data Corporation	49
5. DST Systems	63
6. Telecredit	67
7. SEI Corporation	71
8.* SunGuard	76
9. M&I Data Services	93
10. Comdata	94
11. Equifax	98
V. INPUT Recommendations	103
VI. Estimated Purchase Values (All Companies)	105

* Updated VAP profiles included





Phase I Project Objectives and Methodology



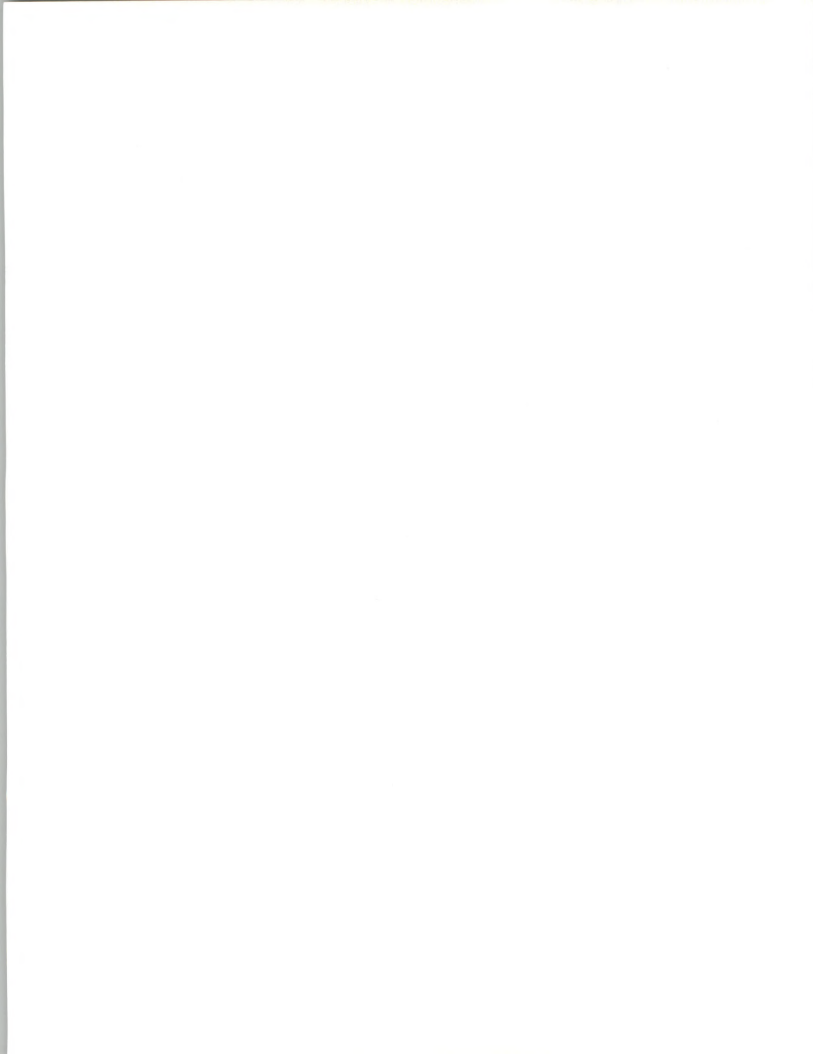


Phase 1 Project Objective:

Identify and evaluate candidates for a Thorn Software U.S. "Mother Company" acquisition.

Research Methodology:

1. Project orientation meeting in California with John Gaffney.
2. Finalized search and evaluation criteria—developed "template" for presentation of information.
3. Researched vendor data bases for candidates.
4. Senior staff meeting (Cunningham, White, Litell, Raymond)
 - Developed market strategy framework with size, CAGR, and competitive environment assessment.
 - Reviewed and selected ten candidates for further analysis.
5. Researched the ten candidates.
6. Developed comparative analyses and recommendations.
7. Meet and discuss with client.







Thorn Market Strategy Options





Thorn Financial Services Market Strategy Options

	Processing Services Market Size (\$M)	5 Year CAGR (%)*	Competitive Environment
Vertical Sector Thrust:			
Banking	1,300	13	Medium
S&L	830	15	Medium
Credit Unions	300	13	High
Brokerage	830	13	High
LAH Insurance	500	11	High
P&C Insurance	170	10	Medium

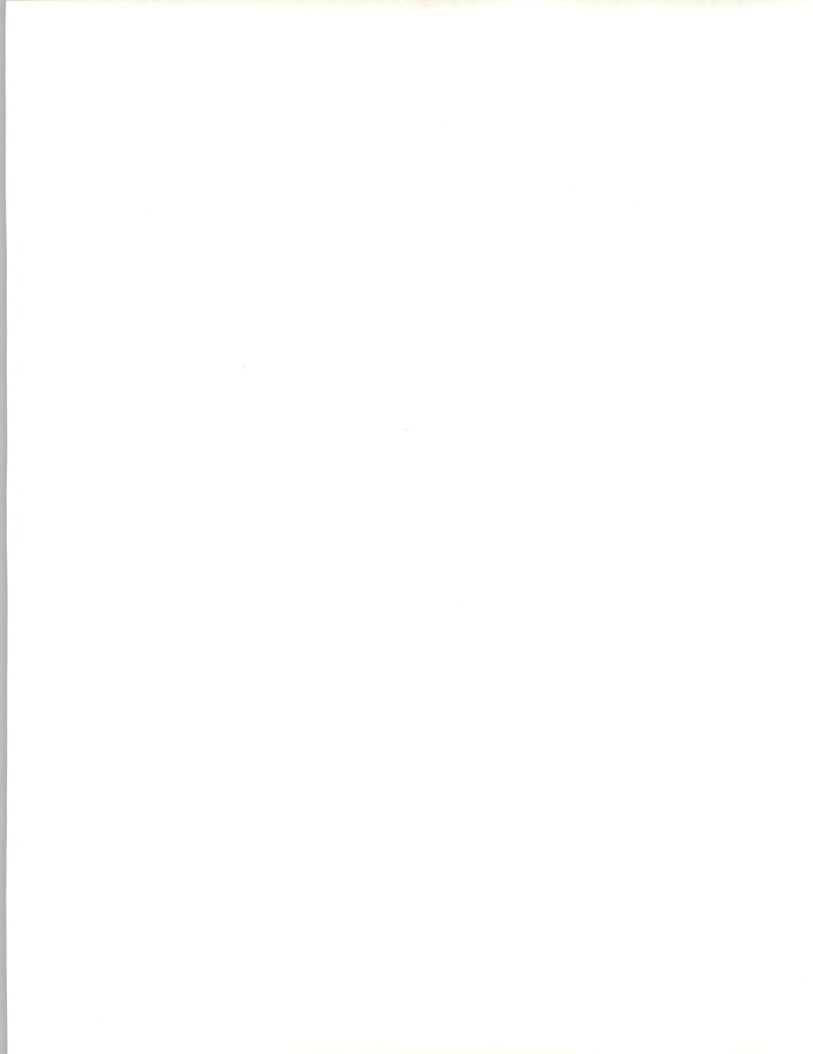
Delivery Mode Thrust:

Transaction Processing	2,900	13	Medium
System Operations	1,700	20	High
Turnkey Systems	1,000	10	Medium

Other Thrust:

Payroll/HR (All Industries)	1,200	14	High
-----------------------------	-------	----	------

* CAGR = Compound Annual Growth Rate



Financial Services Market Observations

1. Growth

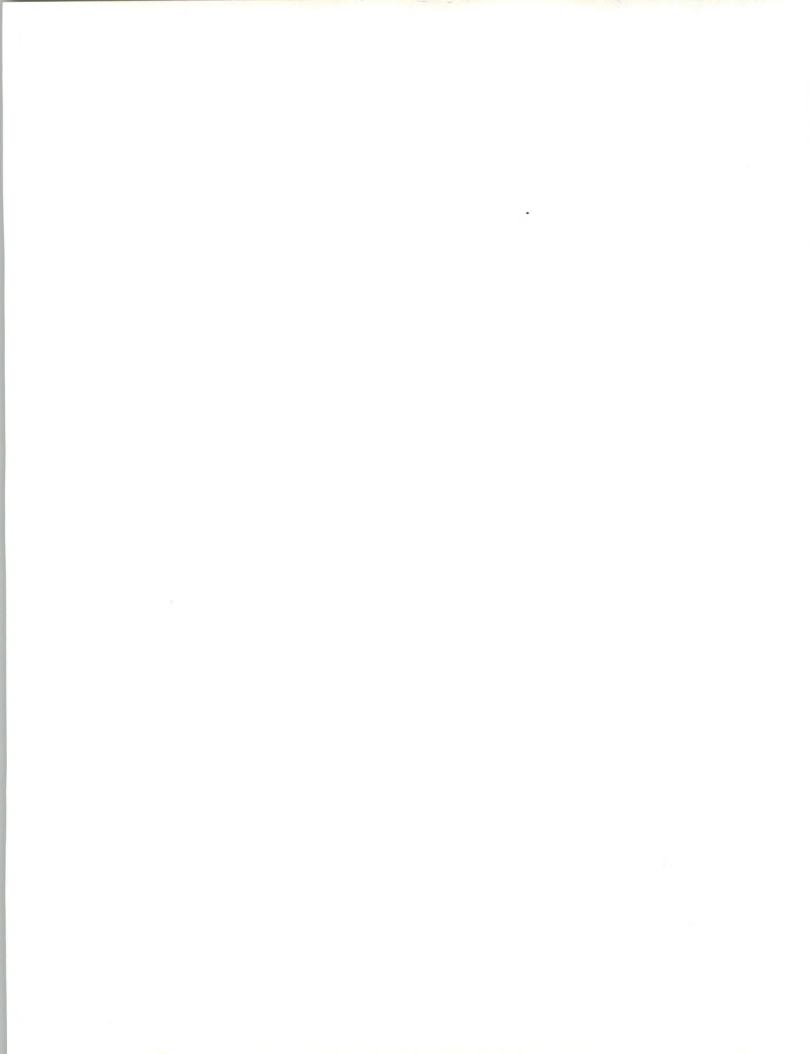
- Transaction processing is a mature area with lower-than-average IS industry growth (13% versus 17%)
- Highest growth is in systems operations and systems integration (20%+)
- Two different growth mechanisms operate—processing firms typically acquire companies, while systems operations organizations often grow by “acquiring” client DP operations

2. Market Dynamics

- Vendor consolidation trend to continue
- Growth by acquisition is imperative on an ongoing basis (witness ADP, Equifax) unless you are an IBM, EDS or Andersen Consulting

3. Strategic Success Requirements

- Mother company management with acquisition experience
- Data communications network





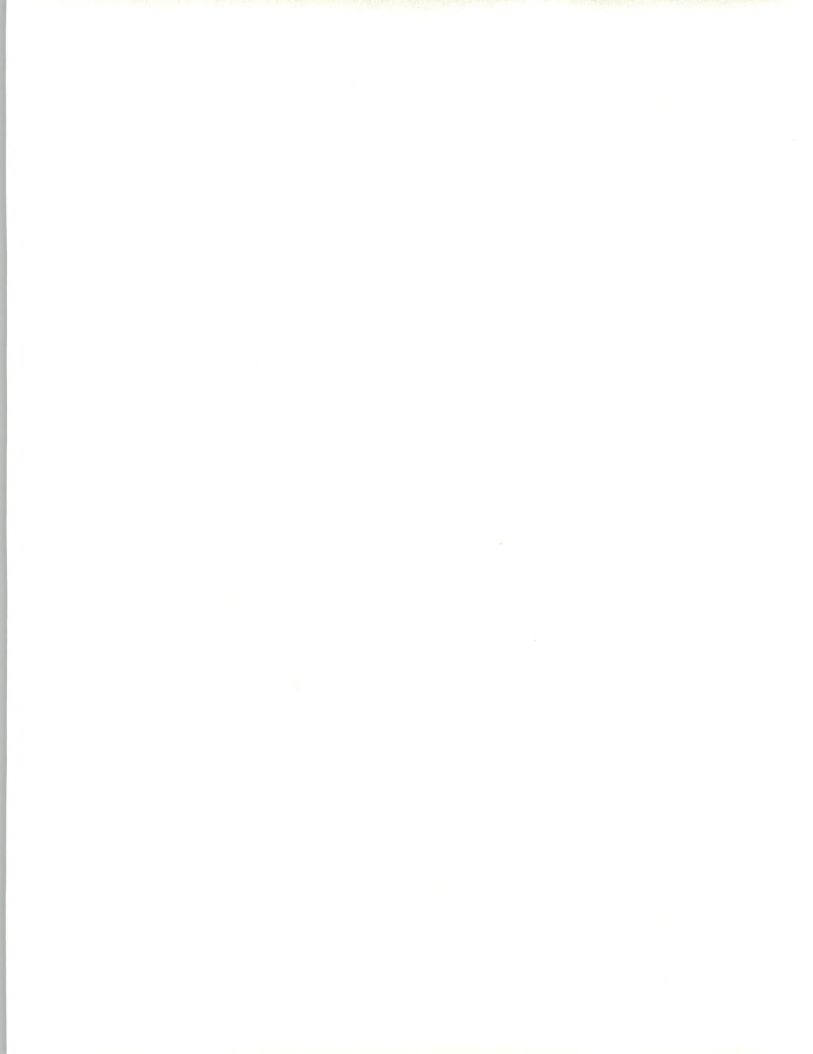
Mother Company Candidates Considered (Discards)





Discarded Candidates Ranked By Size

Company	1988 Financial Processing Revenues (\$ Millions)	Reason
FFMC	400	Too Large
ADP	260	Too Large/Not Available
First Data Resources	256	Not Available/Amex
MTech	170	Not Available/EDS
Policy Management Systems	123	Not Available/IBM 10%
Securities Industry Automation Corp.	120	Captive Industry Owned Non-Profit
EDS	107	Too Large
Computer Sciences	101	Not Available
ACS	100	Assumed No Interest
Citicorp Info. Resources	87	Not Available
Paychex	70	Too Small
Rich	?	Not Available (Reuters)







Candidate Evaluation Results



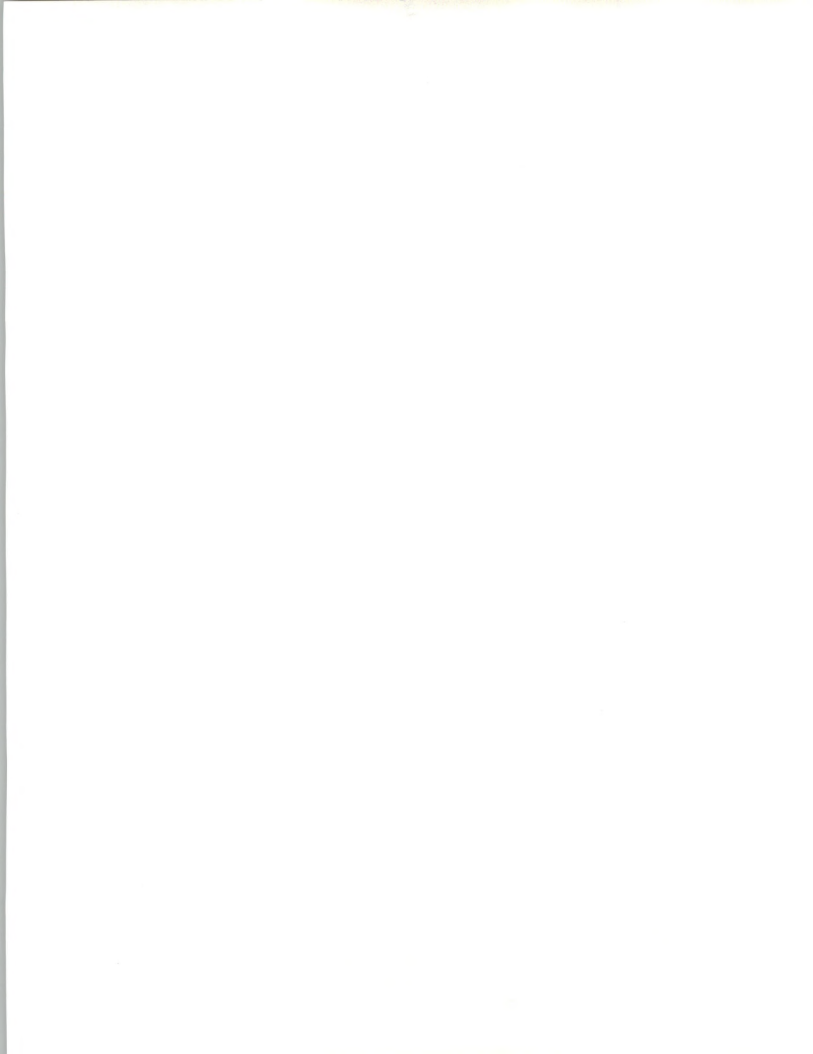
A. Evaluation Observations

1. A wide range of choices is available to pursue—the pacing item for subsequent effort is willingness to sell.
2. Most candidates are niche players—only CDC Information Services and Equifax serve a broad range of financial markets.
3. The following criteria are unlikely to be met:
 - NYC HQ/concentration
 - Markets with 20% plus CAGRs
 - Strong synergy with other Thorn services business in Europe
4. Other criteria appear achievable, including reasonable P/E ratios.
5. Market capitalization ranges from \$200-400 million.
6. Market capitalization ranges from one to three times revenue, with the average about two times.



B. Financial Services Market Area Coverage

Market Areas	Systematics	FI Serv	DST	SEI	NDC	Telecredit	CDC/BSG	M&I	Equifax	Comdata
Vertical Sector:										
1. Banking	X	X	X	X	X	X	X	X	X	
2. S&L	X	X				X	X		X	
3. Credit Union		X				X	X		X	
4. Brokerage			X	X			X			
5. LAH Ins.			X		X				X	
6. P&C Ins.			X						X	
Delivery Mode:										
1. Transaction Processing		X	X	X	X	X	X	X	X	X
2. System Oprtns.	X									
3. Turnkey Systems	X				X		X			
Other: Payroll							X			
TOTALS	4	4	5	3	4	4	7	2	6	1



C. Candidate Information

- Evaluation Template
- Profiles
- Online Search Data



U.S. Mother Company Evaluation Template

Name: SYSTEMATICS, INC. Phone: (501) 223-5100
 Address: 4001 Rodney Parham Road, Little Rock, ARK 72212-2496
 Key Managers: Ray Maturi, EVP - Planning and Marketing
Drew Kelso, EVP
John Steuri, President and CEO

Evaluation

1. 1988 Revenue: 180 mil (H) M L
2. Services Content: Processing 10 % Syst. Ops. 78 %
Also licenses its banking software (H) M L
3. Stability: 5 year CAGR 18-20 % Age 20 years (H) M L
Long experience in field and w/company
4. Management Strength: New president from IBM in mid 88 (H) M L
5. Industry Orientation: Financial Revenue 100 % Other (%) (H) M L
6. Pretax Return on Sales $\geq 10\%$: approx. 14% - very stable (H) M L
7. Stock Price 35 P/E 21 Mkt Capitalization \$390m (H) M L
8. Industry/Service Segment CAGR $\geq 20\%$ 13% H (M) L
9. NYC/East Coast Geographic Orientation: Midsouth/Nationwide H M (L)
10. International Synergy: Already has significant overseas operations (H) M L

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					X
B. Payroll Processing					
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					

11. Comments: Small stock float. Institutions held approx. 30%, local family owned VC in Little Rock owns 50%.



COMPANY PROFILE

SYSTEMATICS, INC.
4001 Rodney Parham Road
Little Rock, AR 72212
(501) 223-5100

John E. Steuri, Chairman and CEO
Public Corporation, OTC
Total Employees: 2,571
Total Revenue, Fiscal Year End
5/31/89: \$206,786,000

The Company

Systematics, Inc., founded in 1968, provides facilities management and disaster recovery processing services, application software products, consulting and training professional services, and turnkey systems to the banking and finance industry.

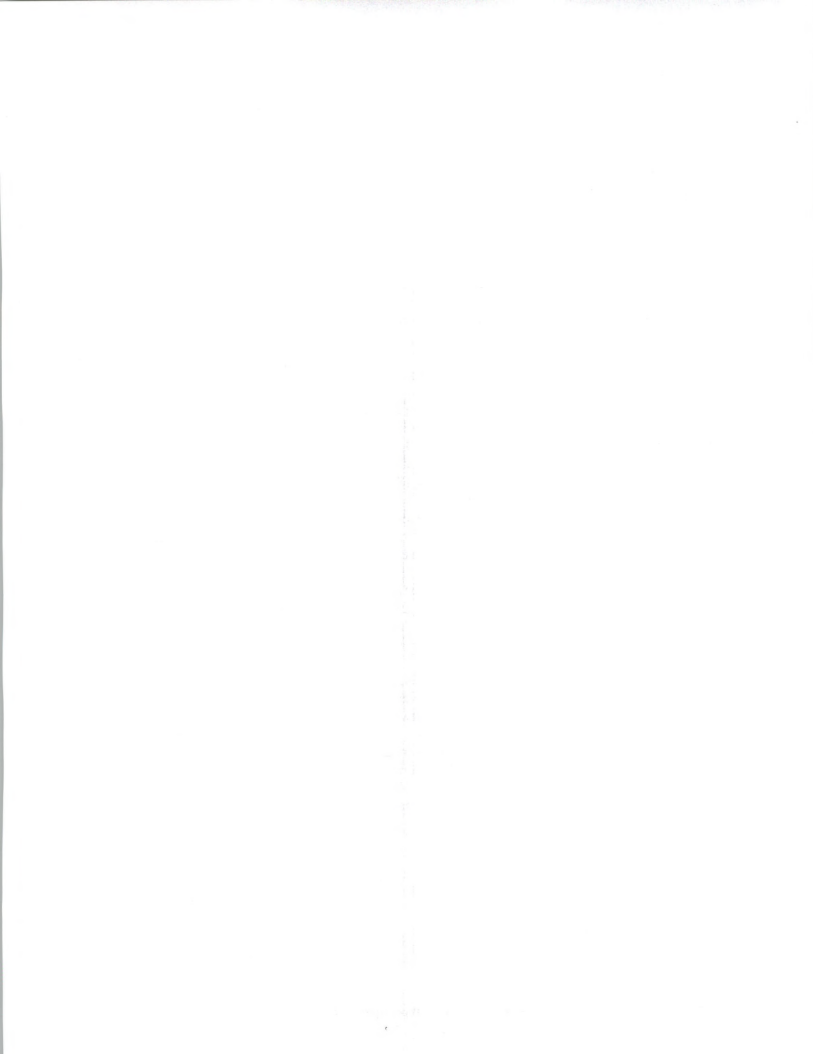
Until 1981, Systematics operated as an unconsolidated, majority-owned (75%) subsidiary of Stephens Inc., an investment banking firm also located in Little Rock. Subsequent to public offerings of Systematic's common stock made in fiscal 1982 and 1983, Stephens Inc. currently owns 48.7% of the outstanding shares.

- Systematics derived approximately \$5.1 million, \$5.2 million, and \$5.3 million in fiscal 1987, 1986, and 1985, respectively, from processing services provided to affiliates of Stephens.

In January 1986, Systematics acquired Matrix Management, Inc., a Dallas-based management consulting firm specializing in the financial services industry, for 17,263 shares of Systematics common stock.

Also in January 1986, Systematics acquired Chanin Consulting Services (CCS) of New York City (NY). CCS markets a securities lending support software product to large trust departments.

Fiscal 1989 revenue reached \$206.8 million, an increase of 13% over fiscal 1988 revenue of \$179.5 million. Net income increased 18%, from \$15.4 million in fiscal 1988 to \$18.9 million in fiscal 1989. A five-year financial summary follows:



**SYSTEMATICS, INC.
FIVE-YEAR FINANCIAL SUMMARY
(\$ thousands, except per share data)**

ITEM	FISCAL YEAR				
	5/89	5/88	5/87	5/86	5/85
Revenue	\$206,786	\$179,474	\$141,577	\$122,599	\$95,875
• Percent increase from previous year	15%	26%	15%	28%	22%
Income before taxes	\$30,216	\$24,882	\$19,538	\$18,726	\$15,390
• Percent increase from previous year	21%	27%	4%	22%	50%
Net Income	\$18,864	\$15,424	\$10,162	\$11,363	\$8,645
• Percent increase (decrease) from previous year	22%	52%	(11%)	31%	43%
Earnings per share	\$1.68	\$1.39	\$0.93	\$1.03	\$0.79
• Percent increase (decrease) from previous year	21%	49%	(10%)	30%	41%

Systematics management attributes the company's revenue growth over the past three years primarily to new processing agreements, scheduled price increases under existing contracts, increases in software licensing, and increased sales of data processing equipment.

- For fiscal 1989, new data processing agreements accounted for 84% of the year's increase in revenue, while software licensing and maintenance accounted for only 16% of the increase in revenue for the year.

Product development and support expenditures increased 8% from \$16.6 million in 1988 to \$17.9 million in 1989. Education and training expenses increased from \$3.6 million in 1988 to \$3.9 million in 1989.

Systematics has pledged to spend \$75 million on research and development over the next 5 years.

Systematics is organized as follows:

- FM East is responsible for facilities management contracts for the eastern U.S.



- FM West is responsible for facilities management contracts for the western U.S.
- FM Central is responsible for facilities management contracts for the central U.S.
- Remote Services handles the services contracts for remote processing services for community banks and thrifts.
- Software Service Marketing is responsible for marketing applications software products.
- Technical Services is responsible for the development, maintenance, and customer support of all Systematics' software.
- Human Resources provides education and training to employees and customers.
- Finance and Law handles the internal financial and legal operations of the company.
- Matrix Management, Inc. provides consulting services.
- The International Division markets and supports application products for customers located outside the U.S.
- The Community Banks Division markets turnkey systems to smaller banks and thrifts.

Systematics' major competitors include the following companies: MTech, EDS, FIserv, Hogan Systems, and First Financial Management.

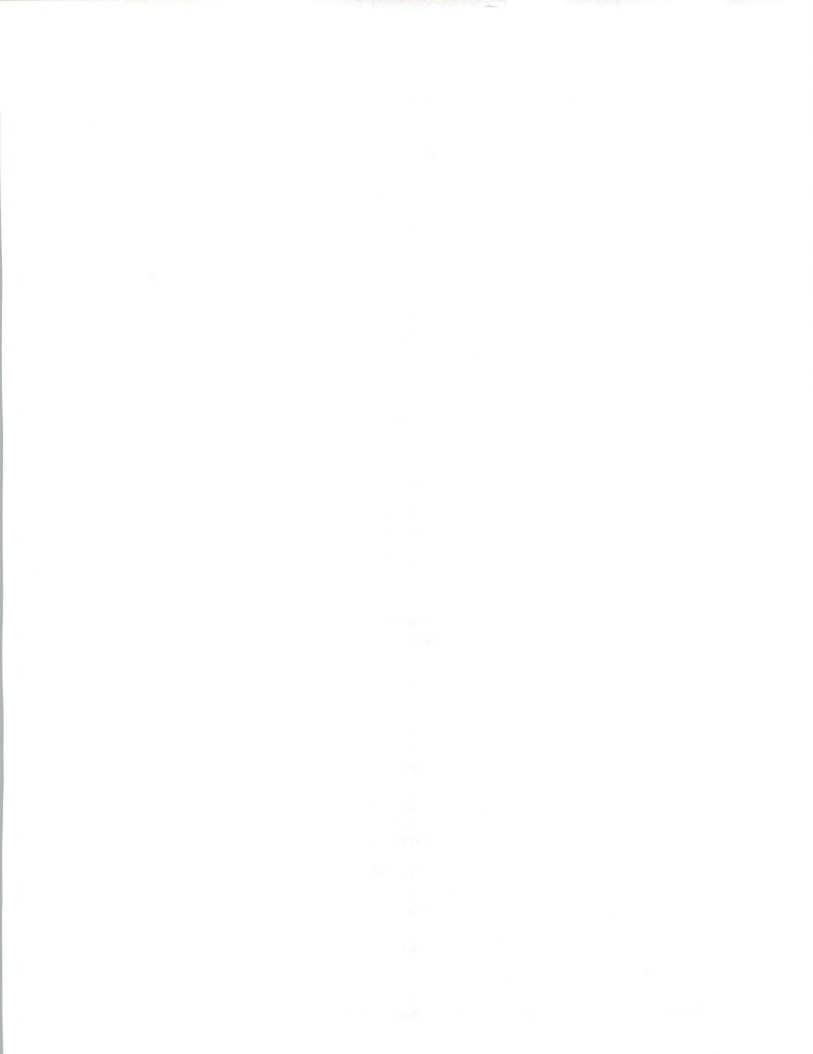
Key Products and Services

Approximately 76% of Systematics' fiscal 1989 revenue was derived from processing services (facilities management), 11% from application software products, 4% from consulting professional services, and 9% from equipment sales and leases.

Systematics' products and services are designed exclusively for the financial industry (banks, savings institutions, credit unions and mortgage service companies).

Systematics had 72 facilities management contracts in effect at fiscal year-end 1989, an increase of 9 contracts over 1988 and 22 over 1987's 50 active contracts.

- Facilities management contracts are generally marketed to



larger banks, those with deposits ranging from \$250 million to \$10 billion or more.

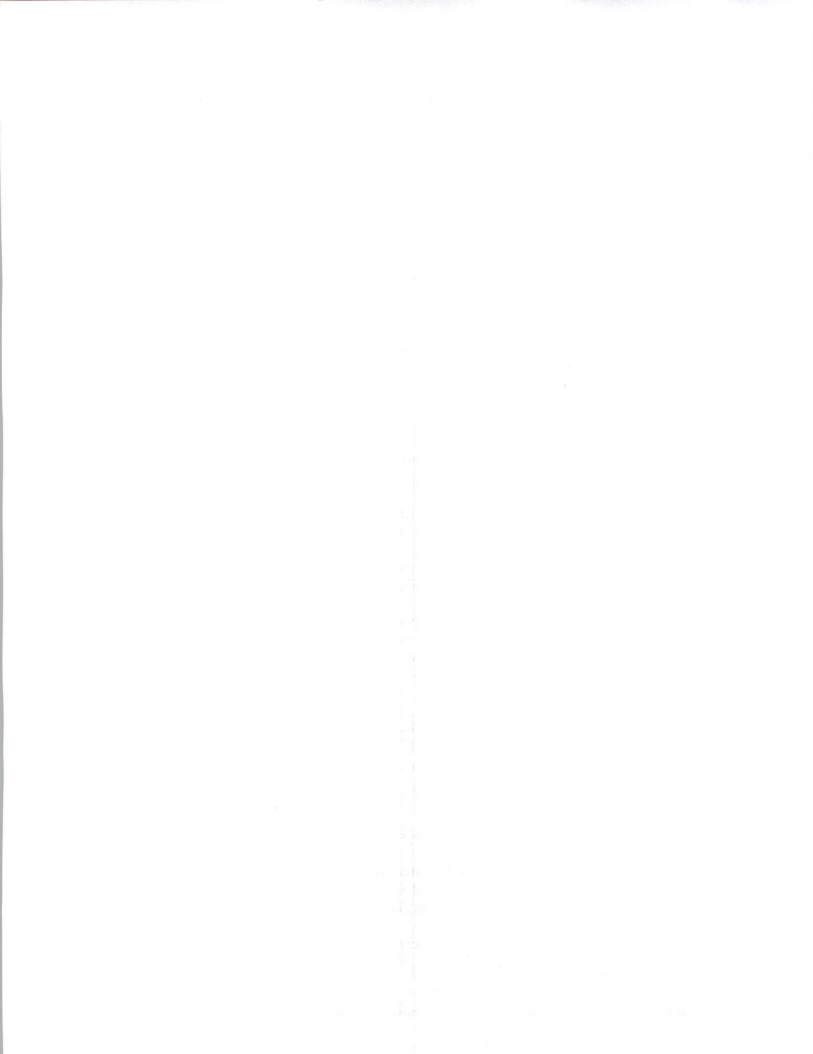
- The computer hardware and data center staff are located in or near the bank.
- Such contracts usually have a term of five years and include a 99-year nonexclusive license for the client to use the software for internal processing.
- The company provides facilities management processing services from over 60 company-owned data centers.
- Systematics recently signed Manufacturers Hanover Trust, the seventh-largest bank in the U.S., for a facilities management contract.

A remote services contract, generally five years in length, is used for the company's smaller bank clients. Systematics derived approximately 4% of its fiscal 1989 revenue from services contracts, compared with 10% of revenue in fiscal 1986.

- Remote services clients may elect to purchase a non-exclusive license to continue use of Systematics' software following the original term of the remote services contract.
- Because processing is done at remote locations that service several clients, it tends to be less customized.

Systematics has developed a complete set of integrated banking and financial applications software termed Systematics Integrated Financial Software. These applications, available through facilities management/services contracts and as software products, include the following:

- On-Line Delivery Systems:
 - The Back Office
 - The Platform
 - The Branch
 - The ATM
- Accounting Systems:
 - Deposits
 - Integrated Monetary Processing and Control System (IMPACS)
 - Savings/Time Deposit
 - Loans
 - Commercial Loans



- Installment Credit
 - Real Estate Loans
- Auxiliary Accounting Systems
 - Combined Statements
 - All Items Entry Control
 - Item Reconciliation
 - Tax Reporting
 - Warehouse
 - Dealer Floor Plan
 - Dealer Reserve
 - Charge-Off
 - Loan Origination
 - Collections
- Management Systems:
 - Financial Management Systems
 - Financial Management Systems (FMS)
 - Accounts Payable
 - Asset/Liability Management System (ALMS)
 - Customer Management Systems
 - Customer Information System (CIF)
 - Profitability Analysis
 - Combined Statements
 - Information Management Systems
 - Systematics Information Management System (SIMS)
 - SMART Marketing System

Systematics also provides disaster backup and recovery services, contingency planning, and consulting services. Customers, primarily financial institutions, may subscribe to either a shell facility or a fully-equipped IBM facility, generally for a term of five years.

Systematics software products run on IBM mainframes under DOS/VSE, VM, and MVS.

- All of the applications available through Systematics' FM processing services may be purchased as individual software products or as a total integrated system.
- There are currently about 150 clients who have purchased the software for in-house use.

Turnkey systems available from Systematics include the following:

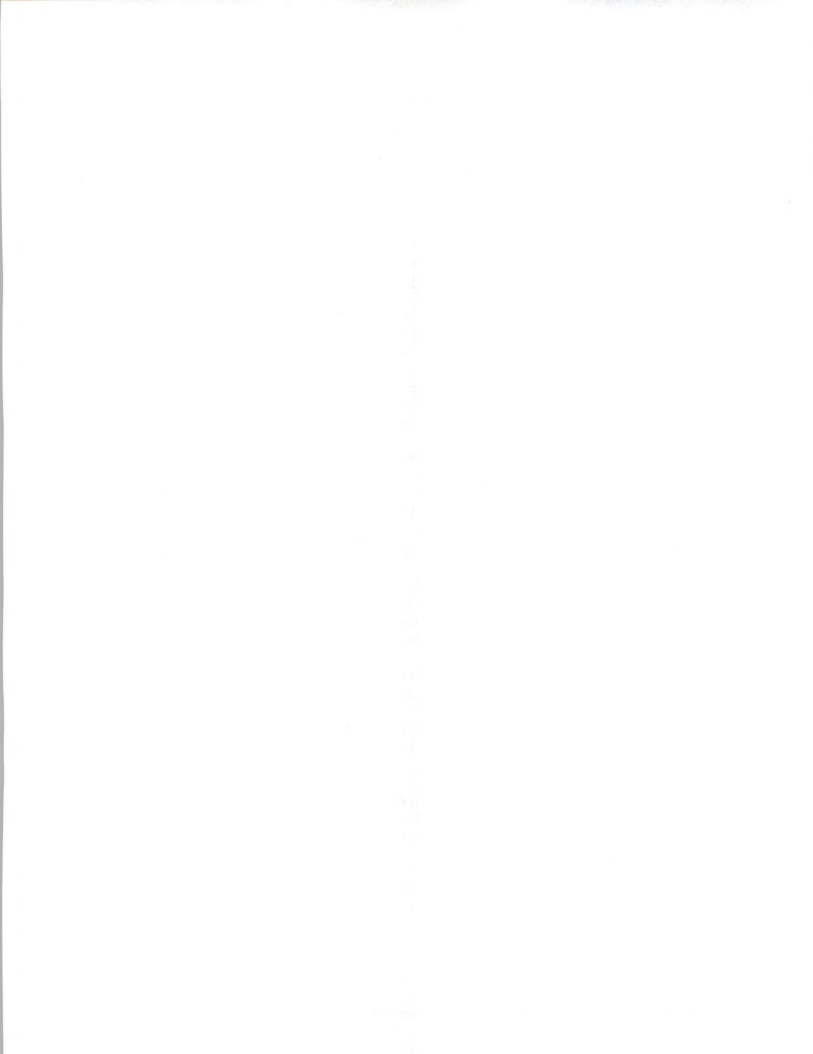
- Community Bank System, introduced in January 1987, is an



IBM System 36-based multi-bank, multi-branch system for community banks with \$50 million to \$200 million in deposits.

- The central information system supports the following applications:
 - Proof of Deposit
 - Demand Deposit
 - Savings, Christmas Club, CDs, and IRAs
 - Installment and Commercial Loans
 - General Ledger
 - Automated Clearing House
 - Account Reconciliation
 - Safe Deposit Box Accounting
 - Shareholder Accounting
 - ATMs
 - Report Generator
 - Word Processor
 - Asset/Liability Management System
- There are currently five systems installed.
- In fiscal 1989 Systematics introduced the Systematics Automated Financial Environment (SAFE), a turnkey system that incorporates Systematics' new application software for IBM's AS/400 minicomputer.
- In June 1983 Systematics became a value-added remarketer for IBM personal computers and introduced its first microcomputer software package, ALMS™ (Asset Liability Management System).
 - ALMS provides monthly, quarterly, and long-range planning for financial management.
 - ALMS is available as a software product or as a turnkey system. Modules include the following:
 - Balance Sheet Organization
 - Monthly Budget Simulation, Gap Analysis, and management reporting
 - Bond Swap Analysis
 - Futures Hedging and Trading

Systematics' Career Development Center, located in Little Rock, provides training support for its software products to employees and clients.



- Courses are offered in the principles of banking, effective supervision, management, basic and advanced programming, systems design and architecture, and in-depth studies of individual Systematics' applications.
- During fiscal 1989, 3,817 people attended 271 Center classes, including 1,960 client participants.
- Systematics spent nearly \$4 million on Center operations, not including the costs of salaries for those attending classes.

Industry Markets

One hundred percent of Systematics' fiscal 1989 revenue was derived from the banking and finance industry, including commercial banks, thrifts, mortgage banks, and other financial institutions.

- The majority of revenue is derived from commercial banks with deposits over \$250 million.

Geographic Markets

Systematics derived approximately 95% of its fiscal 1989 revenue from the U.S.

- Systematics began marketing its services internationally in 1987 and derived approximately 5% of its fiscal 1989 revenue from customers located in Europe, Asia, the Pacific, South America and Canada.
- Distribution of Systematics software in Europe and parts of the Far East is handled by CAP Financial Services.



t 5/9/1-2

5/9/1

1192493

Systematics - Company Report

MERRILL LYNCH

McClellan, S.T.

DATE: 890424

INVESTEXT(tm) REPORT NUMBER: 913839, PAGE 0 OF 2

This is a(n) COMPANY report.

SECTION/TABLE HEADINGS:

Stock Price Data & Rating 1988-90	PG	1
Investment Highlights	PG	1
Earnings Prospects	PG	2
Earnings Model By Segment 1989-90	PG	2
Earnings Prospects	PG	2
Company Description	PG	2

COMPANY: SYSTEMATICS

TICKER SYMBOL: SYST

INDUSTRY CROSS REFERENCE: DATAPR; FINLNB

SIC CODES: 7374; 7372

SUBJECT DESCRIPTORS:

ANNUAL RESULTS	PG	2
BUSINESS SEGMENT REPORTING	PG	2
EARNINGS PER SHARE ESTIMATES	PG	1
	PG	2
FINANCIAL INFORMATION	PG	1
	PG	2
INVESTMENT RECOMMENDATION	PG	1
ORDERS AND CONTRACTS	PG	1
	PG	2
QUARTERLY RESULTS	PG	2
SALES/EARNINGS ESTIMATES	PG	2
STOCK PRICE DATA	PG	1
STOCK TRANSACTIONS AND OWNERSHIP	PG	1
STOCK VALUATION	PG	1

PRODUCT DESCRIPTORS:

DATA PROCESSING SERVICES	PG	1
	PG	2
FACILITIES MANAGEMENT	PG	1
	PG	2
SOFTWARE	PG	1
	PG	2

5/9/2

1192492

Systematics - Company Report

MERRILL LYNCH

McClellan, S.T.

DATE: 890424



INVESTEXT(tm) REPORT NUMBER: 913839, PAGE 1 OF 2
This is a(n) COMPANY report.

SECTION HEADINGS:

Investment Highlights

TABLE HEADINGS:

Stock Price Data & Rating 1988-90

TEXT:

Lowered Opinion

Systematics

Intermediate Term Opinion Lowered To Neutral (3)

Price (SYST - OTC):	\$36 1/2
52-Week:	\$36 3/4-25 3/4

BV/Shr (02/89):	\$6.60
ROE 1989E Avg:	27.0%
Shrs Out (Mil):	11.3
Mkt Cap (Mil):	\$412
Inst Ownship-Spectrum:	33%
LT Liabil % of Cap:	3.9%
Est 5 Yr Growth Rate:	21%
Options:	None

EPS (May)	P/E	Cash Flow/Sh	P/CF
1990E: \$2.05	17.8	\$3.60	10.1
1989E: \$1.68	21.7	\$2.95	12.4
1988: \$1.39	26.3	\$2.56	14.3

Investment Opinion

Ind Div	Suitability: Good Quality (8)
Rate Yield	Interm Term: Neutral (3)
	Long Term: Buy (1)
\$0.40 1.1%	Income: Same/Higher (7)

INVESTMENT HIGHLIGHTS:

We have lowered our intermediate term investment opinion to Neutral (3) from Above Average (2) based mainly on price considerations. Our long term recommendation remains a Buy (1). We believe the shares are likely to consolidate for a while following the recent run-up and in view of the current exceedingly high PE multiple. Systematics' shares have moved ahead 12% from 32 1/2 to above 36 1/2 during March-April, and are up 16% so far this year-to-date. This compares to the much slower data services group performance, ahead 3% so far this year. SYST now carries, in our opinion, an excessive price/earnings multiple of 19.6x our calendar 1989 estimate of \$1.84 per share, some five and one-half multiple points above the group average 14.3x PE multiple, by far the highest in the group. Its PE multiple carries a 65% premium over the S&P market average.



Meanwhile, Systematics' estimated current and long term growth rate of 21% is about on par with the group average, no higher. A 20% portion of revenue is somewhat volatile software and hardware sales as compared to steady long term bank processing data service contracts. And after having only 5 bank processing contracts come up for expiration in fiscal 1989 (May), all renewed, 9 are scheduled to expire in FY 1990 and 12 in FY 1991. Once before, in 1987, several expired and when many were not renewed, it led to an earnings deadline at that time. So this adds at least a modest measure of uncertainty. Finally, we note that the company's founder and Chairman is stepping aside at the end of May. Such a management change also adds unknowns.

While our investment opinion change is based mainly on price considerations, favorably, we continue to expect 21%-22% E.P.S. expansion in the current 4Q (May) and in fiscal 1990. Systematics demonstrates considerable stability and predictability of earnings due to its broad base of some 75 bank clients in facilities management (FM) data processing, all on 5-year or longer contracts. The amount of new bank FM client additions is impressive, 16 last year and 12 so far through 10 1/2 months of this fiscal year. Accounting is conservative with no software capitalization, and only one-third of software license fee sales recorded upfront, the remainder over 5 years. The bank data services market is booming as banks steadily chose to give out their data processing, especially as profit pressures intensify. Current earnings momentum is strong. Total cash flow is 75% higher than earnings.

COMPANY: SYSTEMATICS
TICKER SYMBOL: SYST
INDUSTRY CROSS REFERENCE: DATAFR; FINLNB

SIC CODES: 7374; 7372

SUBJECT DESCRIPTORS: *INVESTMENT RECOMMENDATION; *STOCK PRICE DATA;
*EARNINGS PER SHARE ESTIMATES; *STOCK VALUATION; *STOCK TRANSACTIONS AND
OWNERSHIP; *FINANCIAL INFORMATION; *ORDERS AND CONTRACTS
PRODUCT DESCRIPTORS: SOFTWARE; DATA PROCESSING SERVICES; FACILITIES
MANAGEMENT
? logoff hold



HISTORIC QUARTERLY EARNINGS

1/12/1
 00013111
 SYSTEMATICS INC
 4001 RODNEY PARHAM ROAD
 LITTLE ROCK AR 72212

Exchange: NMS Ticker: SYST

SIC Code: 7371 (COMPUTER PROGRAMMING SERVICES)
 Number of Companies in Industry: 36
 This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q4 (05/89)	54.3	5.0	.44	.00	10,980
89Q3 (02/89)	53.4	5.1	.46	.00	10,980
89Q2 (11/88)	52.0	5.1	.45	.10	10,980
89Q1 (08/88)	47.1	3.7	.33	.00	10,980
88Q4 (05/88)	49.1	4.1	.36	2.12	10,840
88Q3 (02/88)	46.1	4.3	.38	.03	10,840
88Q2 (11/87)	43.9	4.2	.38	.02	10,840
88Q1 (08/87)	40.4	2.9	.26	.02	10,840
87Q4 (05/87)	38.3	2.3	.21	.03	10,820
87Q3 (02/87)	37.8	3.6	.33	.03	10,820
87Q2 (11/86)	34.2	2.5	.23	.03	10,820
87Q1 (08/86)	31.3	1.8	.16	.02	10,820
86Q4 (05/86)	31.8	3.0	.27	.04	10,821
86Q3 (02/86)	31.6	3.0	.27	.02	10,793
86Q2 (11/85)	30.9	2.8	.26	.02	10,787
86Q1 (08/85)	28.2	2.5	.23	.01	10,759



U.S. Mother Company Evaluation Template

Name: CONTROL DATA BUSINESS SERVICES Phone: (612) 853-8100
 Address: 8100 34th Avenue S., Minneapolis, MN 55440-4700
 Key Managers: Lawrence Perlman, President & COO, CDC
David White, President, Information Services Group

Evaluation

1. 1988 Revenue: \$823 (see below) * (H) M L
2. Services Content: Processing 100 % Syst. Ops. % (H) M L
3. Stability: 5 year CAGR 15 % Age 20 years H (M) L
 Much of this is from former acquisitions
4. Management Strength: Long time in the business - generally in top 3-4 firms in each market niche; emphasis on services quality more than growth (H) M L
5. Industry Orientation: Financial Revenue heavy % Other (%) payroll H (M) L
 Cross industry, Micrognosis/brokerage, entertainment, advertising
6. Pretax Return on Sales \geq 10%: Unknown H M L
7. Stock Price N/A P/E N/A Mkt Capitalization N/A H M L
8. Industry/Service Segment CAGR \geq 20% Segments range 10-15% H (M) L
9. NYC/East Coast Geographic Orientation: Midwest/Nationwide H M (L)
10. International Synergy: Micrognosis trading systems could be adapted to global use H (M) L

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					
B. Payroll Processing			X	X	X
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					X

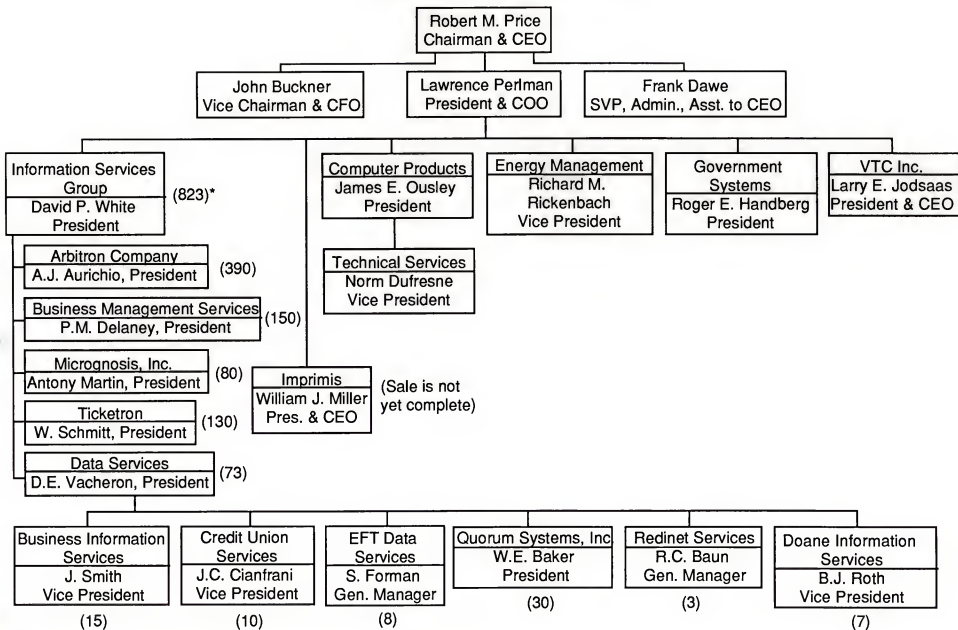
*REVENUE SUMMARY:

Micrognosis (Brokerage)	\$ 80M
Bus Mgmt Svcs (Payroll)	160M
Credit Unions	10M
EFT	7M
EDI	3M
Financial Services (S/T)	250M
Arbitron	390M
Ticketron	130M
Other	53M
TOTAL	\$823M

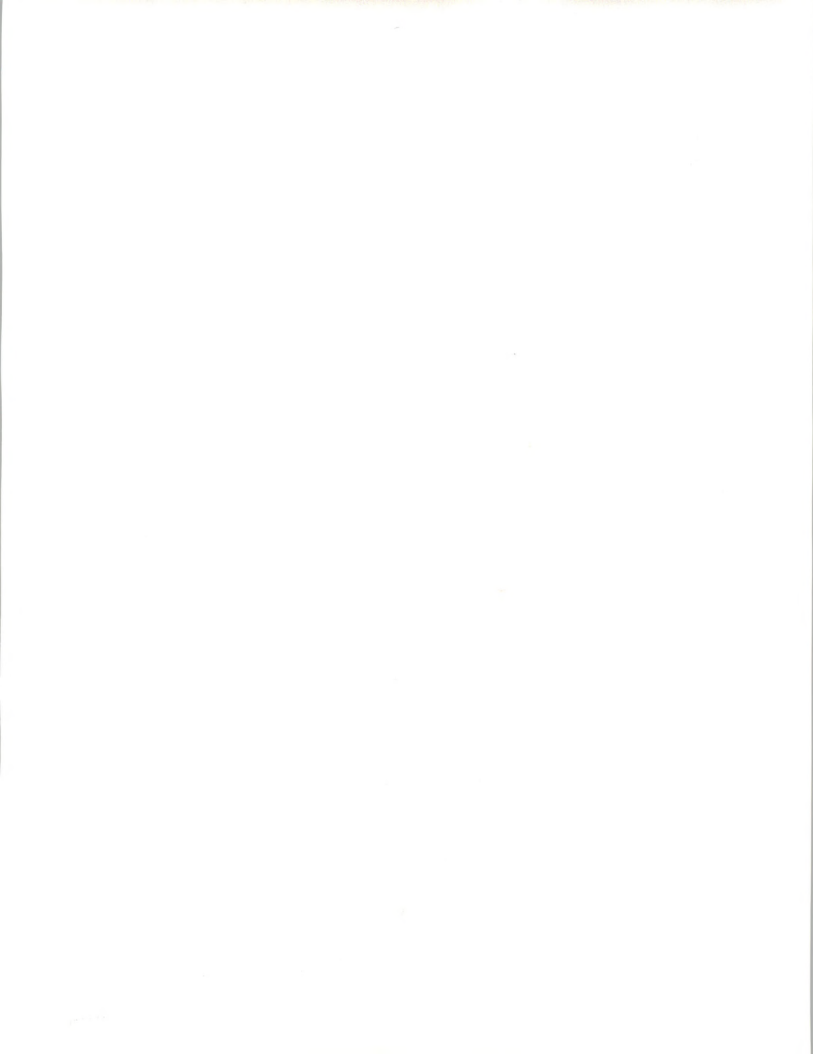
11. Comments: CDC Info Svcs has a number of attractive business' that could be acquired, but the services area is one of the parts of the company they hope to retain and grow. Willingness to sell will probably be a function of CDC cash pressures and relationships of sub to CDC core service business ZXBTA/89

Control Data Corporation

(Revenue Estimates In \$ Millions)



*After selling off \$64M of education/training business and \$23M for Action Data



COMPANY PROFILE

CONTROL DATA, BUSINESS MANAGEMENT SERVICES

8100 34th Avenue South
Bloomington, MN 55420
(612) 853-8100

Patrick M. Delaney, President
Division of Control Data Corporation
Total Employees: 2,650*
Total Revenue, Fiscal Year End
12/31/88: \$160,000,000*

* INPUT estimate

The Company

Control Data's Business Management Services Division, formerly known as Control Data Business Centers, provides processing services and software products for payroll, tax filing, human resources management, accounting, and benefits claims applications to well over 30,000 organizations of all sizes nationwide.

- Business Management Services operates as a division of Control Data Corporation (CDC) within CDC's Information Services Group.

INPUT estimates Business Management Services' 1988 revenue reached \$160 million, a 16% increase over 1987 revenue.

Business Management Services' primary competitor is Automatic Data Processing.

Key Products and Services

The majority of Business Management Services' revenue is derived from its payroll processing services. The remainder is derived from its other processing services and its software products.

Processing services offered by Business Management Services include the following:

- Signature™ Payroll Services include the following:
 - Basic services include issuing paychecks, completing electronic funds transfers, and meeting internal, government, and third-party reporting requirements, including labor and job cost reporting.
 - Reports can be defined from over 1,100 data elements on each employee; and magnetic media is available for wage and tax reporting.

- Unlike other payroll services, Signature services include self-mailer checks--signed, sealed, and sorted in the sequence desired for easy distribution--plus all reports delivered at the same time as the paychecks.
- Signature™ Tax Filing Services include the preparation, filing, and deposit of all tax obligations, accurately and on time. Federal, state, and local tax information is captured automatically from Signature Payroll Services.
- Performance™ Accounts Receivable Services help speed collections, improve cash flow, and curtail abuses of a company's credit policies. In addition, check-free payment and collection is available via the electronic funds transfer capability.
- Performance Accounts Payable Services help manage cash flow, protect credit ratings, and take advantage of prompt payment discounts. This service can be interfaced with the General Ledger System.
- The Performance General Ledger and Financial Reporting System allows the analysis of historical trends, budget comparisons, and projections. The system also provides a complete audit trail, with detailed general ledger and data base design for customized financial statement preparation.

Business Management Services also offers the following software products:

- Orchestrator[®] is a microcomputer-to-mainframe link that allows Business Management Services' processing services clients to enter payroll data via their microcomputers, then transmit the information to Business Management Services for processing.
- Orchestrator also enables users to retrieve report and data files for ad hoc reporting or integration with popular software programs, including Lotus 1-2-3, Ashton-Tate's dBase, and Micropro's Wordstar, as well as PC-to-PC for consolidating departmental or multi-location information.
- An electronic timeclock interface to payroll is available through Orchestrator to facilitate automation from punch-in to paycheck.

- The Repertoire™ Human Resources Management System, introduced in 1985, is a microcomputer-based software product that integrates with Business Management Services' Signature Payroll processing service via Orchestrator to form a single data base of employee information for on-line inquiry and updating.
- Using Repertoire, human resource departments can manage complex issues and administrative problems associated with executive compensation, position control, flexible benefits, employee stock option plans (ESOPs), training, reimbursement, and compliance reporting for Section 89, COBRA, and OSHA.
- The software can be customized without programming assistance and is operable in a local area network environment.

Business Management Services contract examples include the following:

- During mid-1989, The Washington State Employee Benefit Board awarded a multi-year contract renewal to Business Management Services. Under the agreement, Business Management Services will administer health and vision care benefits plans for approximately 45,000 state government employees and retirees.
- In early 1989, Business Management Services was awarded major payroll processing contracts by Reebok International and Villanova University.
- Other customers include Coast to Coast Stores, Microsoft, Inc., Computerland, and Coca-Cola Bottling Company Consolidated.

Industry Markets

Business Management Services' clients come from a variety of industries, from small and medium-sized organizations, to multiple divisions of Fortune 500 companies.

Geographic Markets

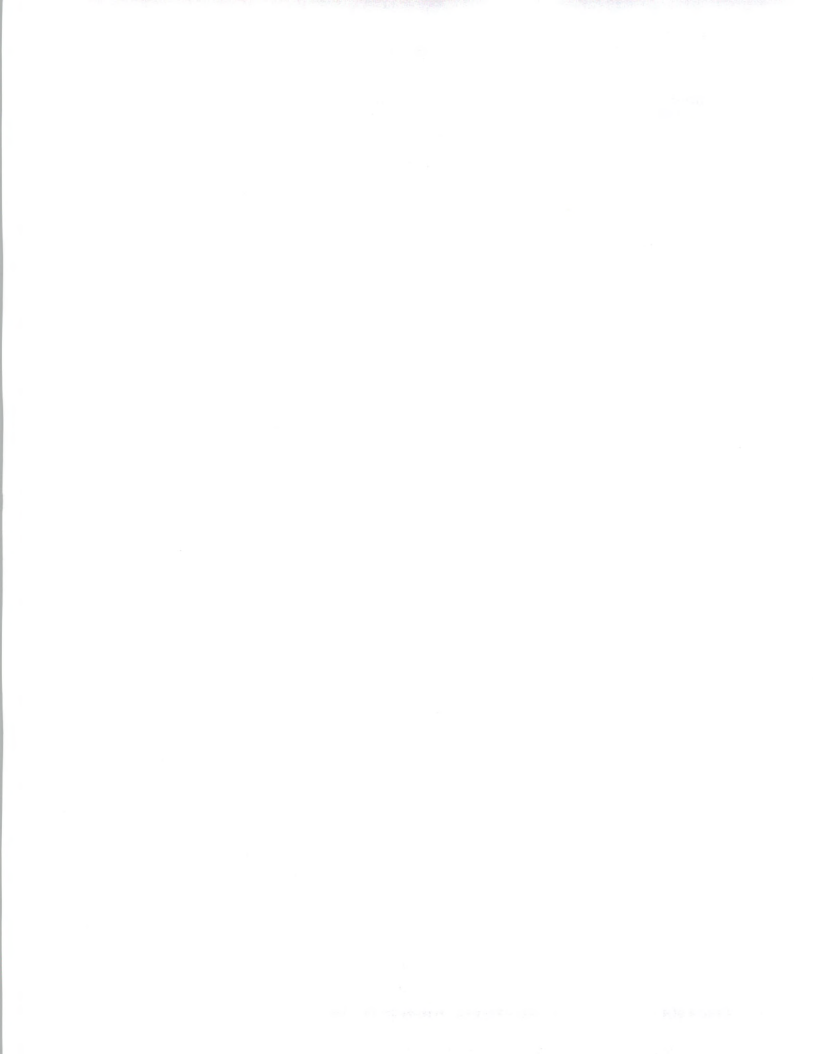
One hundred percent of Business Management Services' revenue is derived from the U.S.

Business Management Services operates 42 regional sales and service offices nationwide.

**Computer
Hardware**

Processing is performed at approximately 30 local data centers located across the U.S. These centers generally have IBM 9370 computers installed.

These data centers interface with a data center located in Cleveland that has five processors installed.



COMPANY PROFILE

MICROGNOSIS, INC.

100 Saw Mill Road
Danbury, CT 06810
(203) 794-0347

Antony J. Martin, President & CEO
Subsidiary of Control Data Corporation
Total Revenue, Fiscal Year End
12/31/88: \$96,100,000

The Company

Micrognosis, Inc. provides integrated trading room information systems to the financial services industry. Micrognosis systems distribute real-time digital and video financial information and news from both internal and external sources about securities, currencies, and global financial markets across a network to a variety of trader workstations. Clients include investment banks, securities firms, insurance companies, and the treasury departments of Fortune 1000 companies.

- Micrognosis was incorporated in Danbury (CT) in 1978 by founder and former president Joel Cohen as an engineering consulting firm. The company moved into trading floor automation during 1979 with the introduction of the first keyboard-controlled video switching system at Citibank (NY).
- In 1983, Control Data Corporation (CDC) acquired a 40% interest in Micrognosis and increased its investment to 74% in April 1986.
- Micrognosis now operates as a subsidiary of CDC within CDC's Information Services Group.

Micrognosis' 1988 revenue reached \$96.1 million, a 37% increase over 1987 revenue of \$70 million. A three-year revenue summary follows:



**MICROGNOSIS, INC.
THREE-YEAR REVENUE SUMMARY
(\$ millions)**

ITEM	FISCAL YEAR		
	1988	1987	1986
Revenue	\$96.1	\$70.0	\$46.8
• Percent increase from previous year	37%	50%	N/A

CDC's 1988 Annual Report states that Micrognosis' revenues have grown dramatically--40% on average--over each of the past five years. Micrognosis management estimates that 1989 revenue will reach \$115 million.

Micrognosis' major competitor is Rich, Inc. (a subsidiary of Reuters).

Key Products and Services

One hundred percent of Micrognosis' revenue is derived from its integrated trading room information systems and associated support services.

There are currently more than 200 Micrognosis installations encompassing 12,000 trading positions in banks, brokerages, corporations, and insurance firms in 17 countries.

The Micrognosis system takes incoming video and digital financial information, plus in-house information, and routes it to a variety of workstations, including intelligent, video-only, and computer terminals. The system permits traders to access all information sources, select screens, change display formats, and design and run applications from a single keyboard.

Micrognosis systems incorporate workstations, keyboards, printers, networking, and interfaces to market data services and third-party software.

Workstations:

Micrognosis currently offers a range of workstation types as follows:

- Intelligent workstations supported by Micrognosis included Sun, DEC, and IBM (first quarter of 1990). Features include:



- A keyboard--from Micrognosis or the workstation manufacturer
 - A mouse
 - A large, high-resolution, color screen which supports graphics
 - A multitasking operating system--UNIX, VMS, or OS/2 (available the first quarter of 1990)
 - Connectivity to other computers on the local area network
 - Connectivity to remote computers
 - X-Window windowing capabilities
- Standard microcomputers can also be used as terminals to access data from the Micrognosis network. This method is used by organizations that are already using microcomputers in their work and who need occasional access to financial market data.
 - Digital information services may be accessed on simple terminals, such as DEC VT 100 or VT 200, by means of a terminal server, or alternatively by direct connection to a host machine. This method of access is generally used by executives with an occasional need for selected financial information or less intensive users, such as research and investment banking groups.
 - All the workstation types described above can be used as remote terminals to access information from remote locations.
 - The Micrognosis video workstation may be used where only video services are required. This consists of multiple monitors (to a maximum of 8) controlled by the Micrognosis keyboard, which has a built-in LCD for displaying prompts.
 - In a hybrid digital/video system, traders can access video information by means of a video control window which appears on the intelligent workstation screen. The Micrognosis Video Generator Unit enables traders to view digital information on video monitors.

Networking:

Micrognosis uses Ethernet for its local area network (LAN). The Micrognosis system is an open network environment that will



support several protocols simultaneously, including TCP/IP, DECNET, and the Digital Distribution System (DDS).

- DDS, Micrognosis' proprietary protocol designed for the transmission of market data, allows users to send real-time trading information of the network. DDS can operate as a pure digital system or can be integrated with a video system.

Micrognosis systems will support Token Ring networks, with availability scheduled for the first quarter of 1990.

Market Data Services:

Micrognosis supports both digital and video market data services formats, as shown in the exhibit.

- Digital page-based information feeds are handled by Micrognosis' Service Attachment Units (SAUs). SAUs receive data from digital services as complete pages of information and distribute it throughout the trading floor.
- Digital record-based information feeds provide a steady stream of market data in serial form. Micrognosis' Record Access Facility allows users to store this information in a data base and build their own pages from the data.
- Market Data Controllers bring video information into the trading establishment's premises. They are supplied by (and almost always rented from) the information vendors.



EXHIBIT

MICROGNOSIS, INC.

DIGITAL AND VIDEO SERVICES SUPPORTED

SERVICES/WORKSTATIONS* SUPPORTED		
Digital Services <ul style="list-style-type: none"> - Chapdelaine - RMJ - Scrolling News - Reuter RDCDF/RTF - Reuter RQF - Telerate TDPF - Topicline Video Services <ul style="list-style-type: none"> - ADP Comtrend/Vidicom - ADP FS Partners - ADP FS 1 - ADP MDS 7/90 - ADP Trendsetter/Vidicom + /FS - Arbat - Astley Pearce - AutEx - Automatic Bond Service (ABS) - Bloomberg (formerly Market Master) - Bridge Data - Business Line - Cable TV - Cantor Fitzgerald MUNI - Cantor Fitzgerald SPEED - Centel - Chapdelaine - Charles Fulton - Clifford Drake - Commodity Quote Graphics - Dahlke - Dalcomp - Dasher 100/200 - Datastream - Dow Jones News - Eurobroker 	Video Services (cont.) <ul style="list-style-type: none"> - FBI - First Call - First Equity - Fortune Systems - FOXI - Fujitsu K-10 - Garban Gilts - Garban - Garvin Guy Butler - GE Information Services - Hill Farber - IDM Compak 140 - Instinet - JJ Kennedy - Knight Ridder MoneyCenter - Knight Ridder TradeCenter - Lee Data Direct Connect - Liberty - Mabon Nugent - Main - Manifest Mark III - Marketview - Market Vision - Memorex 3278 - MKI - Money Market Systems (MMS) - Multicontributor (Binco Box) - Munifacts - Munifacts Plus - NASDAQ - NEC 6300 - NEC 7828 - Nixdorf - PC Quote - Planet 	Video Services (cont.) <ul style="list-style-type: none"> - Quick-10 - Quotron Q1000 - Quotron Q801 - Reuter 3P - Reuter 4P - Reuter Abacus - Reuter ART - Reuter Dealing - Reuter Equities 2000 - Reuter Graphics - Reuter Monitor - Reuter Monitor & Quotes - Reuter Monitor Graphics Bonds - Reuter News - Reuter SDS2 - RMJ - Spectrum - SPMI (MII) - Standard & Poor Blue List - Telerate International Quotations - Telekurs Investdata - Telekurs RIS - Telerate STP - Telerate Tactician - Telerate Teletrac - Telex (domestic) - Telex TII S3150 - The Options Group (TOGS) - Third Generation Broker (TBG) - Titus & Donnelly - Trac Data - Tullet & Tokyo - Univac DS-7 - Wang Shark



Micrognosis systems include the following application tools:

- The Page Edit and Display Service (PEDS) allows users to create, edit, and display their own pages of information for internal broadcasting. PEDS is run on a server similar to a Service Attachment Unit, though without external lines. Pages are stored in a data base, and customers can have a number of data bases on one server.
- The Composite Page Facility (CPF) allows users to create custom pages to meet their own individual requirements, using information from up to five different sources. The information may be segments of pages from any of the external market services, or from internally generated sources.
- The Micrognosis Spreadsheet Server enables users of spreadsheet applications to extract DDS page-based data using communications protocols.
- The Micrognosis Programmer's Toolkit allows financial institutions to access real-time market data information from a variety of sources and to use this information in their own applications.
 - Micrognosis modifies its interfaces to the various information sources so that differences in format and presentation between one service and another are transparent to the Toolkit user.
 - The Toolkit may be used in centralized applications on a server, or for local computation on individual workstations.
 - The Toolkit consists of several modules allowing developers to integrate proprietary or third-party applications with the Micrognosis distribution and display facilities.

A sample of major projects performed by Micrognosis follows:

- During 1989, Micrognosis installed the first completely digital trading floor for Union Bank of Switzerland, St. Gallen.
- During 1989, Micrognosis installed its first Sun Intelligent Workstation system and acted as overall systems integrator for Swiss Bank, London.
- During 1988, Micrognosis installed the largest all-Intelligent Workstation floor for Credit Lyonnais, Paris.



- During 1987, Micrognosis won a contract to install the world's largest trading floor at the new headquarters of JP Morgan in New York.
- Micrognosis has also recently sold systems to Morgan Guaranty Trust, Toronto Dominion Bank, UBS Securities, Commerzbank, Industrial Bank of Japan, Mitsui Bank, Shearson Lehman Hutton, and Prudential-Bache.

Industry Markets

Micrognosis clients include investment and commercial banks, securities firms, insurance companies, and the treasury departments of Fortune 1000 companies.

Geographic Markets

INPUT estimates approximately 50% of Micrognosis' revenue is derived from the U.S. and 50_% from international sources.

Micrognosis is organized into three regional divisions as follows:

- North America regional headquarters is located in Danbury (CT). Other offices are located in Campbell and Los Angeles (CA), Chicago (IL), Danbury (3), and New York City (2).
- Europe regional headquarters is located in London. Other offices are located in Belgium, France, The Netherlands, Switzerland (2), and West Germany.
- Asia/Pacific headquarters is located in Tokyo. Other offices are located in Tokyo, Australia (3), Hong Kong, New Zealand, and Singapore.

Computer Hardware

Micrognosis has DEC, Sun, and IBM systems installed for research and development and customer support.



U.S. Mother Company Evaluation Template

Name: FISERV, INC. Phone: 414/546-5000
 Address: 2152 South 114th Street, Milwaukee, WI 53227-1029
 Key Managers: George D. Dalton Chairman & CEO
Leslie M. Muma President & CEO (Male)

Evaluation

1. 1988 Revenue: \$125.0 Million H (M) L
2. Services Content: Processing 100 % Syst. Ops. 0 % (H) M L
3. Stability: 5 year CAGR 42 % Age years See below (H) M L
significant growth since 1985 - mostly via acquisition
4. Management Strength: According to Robertsen Stephens & Co. (H) M L
"FISERV has excellent long-range planning in place to maintain
its corporate goal of 20-25% annual earnings growth for the next three years
5. Industry Orientation: Financial Revenue 100 % Other (%) (H) M L
6. Pretax Return on Sales \geq 10%: 12% H (M) L
7. Stock Price 23 P/E 18 Mkt Capitalization \$191 (H) M L
8. Industry/Service Segment CAGR \geq 20% Banking (13%), H M (L)
S & L (15%), Credit unions (13%), Transaction processing (13%)
9. NYC/East Coast Geographic Orientation: The company operates H M (L)
18 data centers in 13 states and has over 650 clients in
33 states
10. International Synergy: H M (L)

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					
B. Payroll Processing					X
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					

11. Comments: FISERV was formed in 1984 through the combination of two major regional data processing firms located in Milwaukee and Tampa. These firms began their operation in 1966 and 1971, respectively, as the data processing operations of their parent financial institution.



COMPANY PROFILE

FISERV, INC.

2152 South 114th Street
Milwaukee, WI 53227-1029
(414) 546-5275

George D. Dalton, Chairman and CEO
Leslie M. Muma, President and COO
Total Employees: 2,000
Total Revenue, Fiscal Year End
12/31/88: \$125,029,000

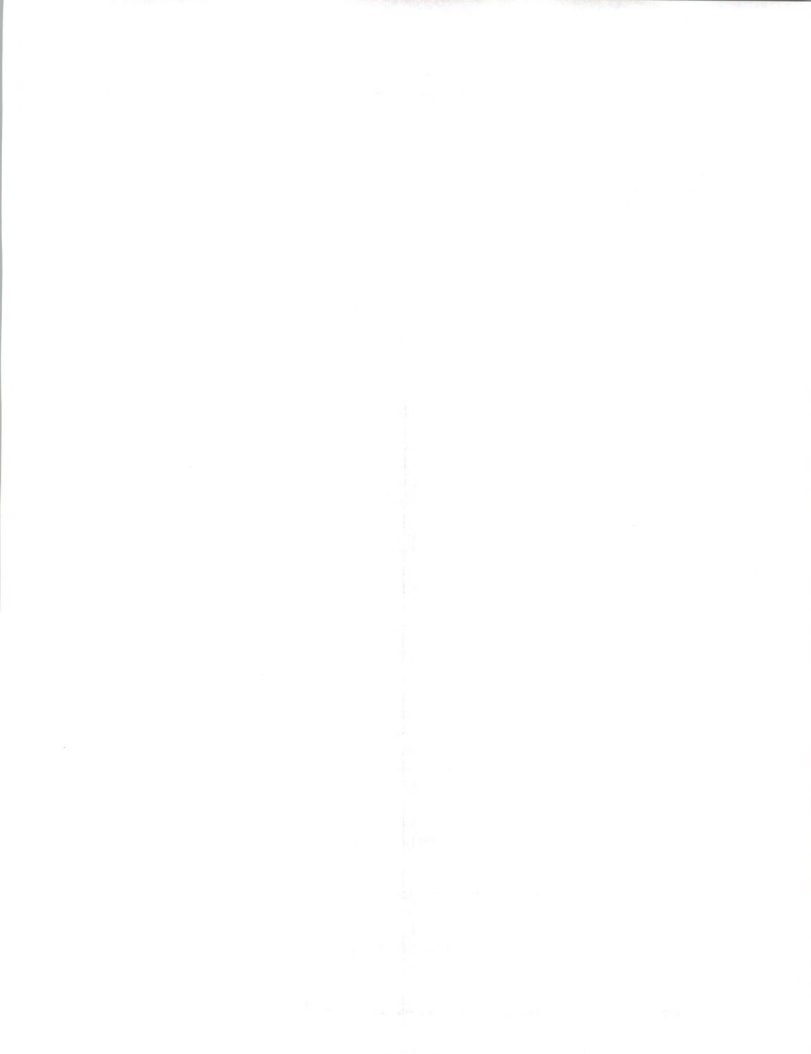
The Company

Fiserv, Inc. provides on-line processing services to thrifts (savings and loans and savings banks), commercial banks, and other financial institutions. The company also provides trust administration services for self-directed retirement plans and microcomputer software and educational services for asset/liability management to financial institutions.

- Fiserv was formed in July 1984 by the merger of First Data Processing, Inc. of Milwaukee (previously owned by First Bank System of Minneapolis) and Sunshine State Systems, Inc. of Tampa (previously owned by Freedom Savings of Tampa).
- The company has grown through continuing development of new services and products, and through an active acquisition plan. The company completed the acquisition of ten companies between 1986 and the end of 1988.
- Fiserv claims to be the nation's largest provider of financial data processing to savings institutions and one of the top ten U.S. providers of financial data processing services to banks and credit unions.
- Fiserv's business strategy is to become the nation's largest full-service financial processing company through growth of its existing data centers, expansion into new geographic areas through acquisitions, and expansion into new, but related, products and services for the financial services industry.

Fiserv made its initial public offering in September 1986. The company received net proceeds of \$11.1 million which were used to retire debt.

Fiserv's total 1988 revenue reached \$125.0 million, a 46% increase over 1987 revenue of \$85.5 million. Net income rose approximately 28%, from \$7.2 million in 1987 to \$9.2 million in 1988. A five-year financial summary follows:



FISERV, INC.
FIVE-YEAR FINANCIAL SUMMARY
(\$ thousands, per share data)

ITEM	FISCAL YEAR				
	1988	1987	1986	1985	1984(a)
Revenue	\$125,029	\$85,531	\$70,370	\$32,888	\$24,842
• Percent increase from previous year	46%	22%	114%	32%	N/A
Income (loss) before taxes	\$15,138	\$12,449	\$8,078	\$337	\$(1,744)
• Percent increase from previous year	22%	54%	*	*	*
Net income (loss)	\$9,234	\$7,174	\$5,480	\$308	\$(1,744)
• Percent increase from previous year	29%	31%	*	*	*
Earnings (loss) per share	\$1.12	\$0.92	\$0.85	\$0.05	\$(0.57)
• Percent increase from previous year	22%	8%	*	*	*

(a) Includes the results of Fiserv's predecessors prior to the formation of Fiserv in July 1984.

* Percent change not meaningful.

Fiserv management attributes revenue growth primarily to the acquisitions made from 1985 to 1988. Revenue increases were also attributed to new clients, expansion of services sold to existing clients, growth in the transaction volume experienced by existing clients, and price increases.

Fiserv dedicates 20% of its total computer capacity to product development. During 1986, 1987 and 1988, the company spent \$3.9 million, \$6.1 million and \$10.0 million, respectively, on product development in addition to amounts spent on product maintenance.

Revenue for the six months ending June 30, 1989 reached \$79.1 million, a 55% increase over \$51.0 million for the same period in 1988. Net income for the period rose 23%, from \$4.4 million to \$5.4 million.

Acquisitions made by Fiserv include the following:

- Early in the second quarter of 1989, Fiserv acquired Triad Software Network, Ltd., a provider of specialized, in-house



software for credit unions. The acquisition brings 120 new credit union clients to Fiserv. Triad has been renamed Fiserv Credit Union Systems-Chicago Center.

- In January 1989, Fiserv acquired the data center operation of Northeast Savings, Hartford (CT). The data center, founded in 1984, is now operating as Fiserv Hartford.
- In June 1988, Fiserv acquired GESCO Corporation, a unit of Glendale Federal Savings & Loan Association, for \$40.9 million. GESCO was the third-largest provider of data processing services for financial institutions in the U.S. GESCO serviced 36 financial institutions with over 5.5 million customer accounts at the time of the acquisition. GESCO is now operating as Fiserv Fresno.
- In May 1988, Fiserv acquired ZFC Electronic Data Services, Inc. (ZFC), a provider of financial data processing for Indiana, Kentucky, and Tennessee banks. ZFC provides services to twenty-six banks with nearly a quarter of a million accounts. ZFC's name was changed to Fiserv Bowling Green.
- In May 1988, Fiserv merged with Citizens Financial Corporation of Cleveland (OH). As a result, Champion Service Corporation, Citizen Financial Corporation's primary operating subsidiary, became Fiserv Cleveland. Champion Service Corporation served approximately 70 financial institutions at the time of the acquisition.
- In February 1988, Fiserv acquired Minnesota On-Line, Inc., a firm specializing in data processing for credit unions. Minnesota On-Line now operates as Fiserv Minneapolis.
- In October 1987, Fiserv acquired Capbanc Computer Corporation from the Capital Bank & Trust of Louisiana unit of Capital Bancshares Inc. Capbanc had 74 employees and provided on-line processing for 48 southern banks. Capbanc also has licensing agreements with 16 banks for its turnkey data processing software. Capbanc is now operating as Fiserv Baton Rouge with a remote-service data center in Shreveport (LA).
- In April 1987, Fiserv acquired Fidelity Financial Services, Inc. of Spokane (WA). Fidelity Financial Services, with 1986 revenue of approximately \$3 million, provided processing services to institutions in Washington and Montana. It now operates as Fiserv Spokane, Inc., a wholly-owned subsidiary of Fiserv.



- In April 1987, FIServ acquired the savings and loan processing of Midwest Commerce Data Corporation, a subsidiary of Midwest Commerce Corporation of Elkhart (IN), with annual revenue of about \$1 million. Midwest Commerce Corporation is now operating as FIServ Elkhart.
- In February 1987, FIServ acquired Pamico, Inc., a design and print shop of customized forms for financial institutions. Pamico was merged with FIServ's On-Line Graphic unit.
- In May 1986, FIServ acquired First City Financial Systems, Inc. of Beaumont (TX) from First City Bankcorporation. First City Financial, with 1985 revenue of \$16.2 million, provides processing services to financial institutions in Texas and the Southwest through its data centers in Beaumont, Dallas, Houston, and McAllen. It now operates as FIServ Beaumont with additional data centers in Dallas, Houston, and McAllen (TX).
- In January 1986, FIServ acquired On-Line, Inc. of Seattle (WA), a provider of on-line thrift processing services, business forms, microcomputers, and maintenance services in the Pacific Northwest. On-Line, with one data center in Bellevue (WA), had revenue of \$9.9 million for the fiscal year-end September 30, 1985. It now operates as FIServ Seattle, Inc., a wholly-owned subsidiary of FIServ.

As of December 31, 1988, FIServ operated 11 subsidiaries as follows:

First Financial Systems, Inc.	TX
First Trust Corporation	CO
First Retirement Marketing, Inc.	CO
FIServ Cleveland, Inc.	OH
FIServ Fresno, Inc.	CA
FIServ Minneapolis, Inc.	MN
FIServ San Antonio, Inc.	TX
FIServ Seattle, Inc.	WA
FIServ Spokane, Inc.	WA
FIServ Tampa, Inc.	FL
Sendero Corporation	AZ

FIServ operates eighteen data centers throughout the U.S. FIServ also operates one division and two subsidiaries with products and services for the financial industry related to FIServ's data processing services as follows:

- First Trust Corporation provides financial institutions with



specialized trust administration processing services for self-directed and qualified retirement plans. First Trust administers more than 150,000 plans. First Trust had 309 employees as of December 31, 1988.

- Sendero Corporation designs specialized asset/liability software programs and rate-risk management educational services for financial institutions worldwide. Sendero serves over 600 clients in 49 states, Australia, Canada, the U.K., Italy, Malaysia, New Zealand, Puerto Rico, Singapore, and Sweden. Sendero Corporation had 77 employees as of December 31, 1988.
- Fiserv Forms & Graphics Division offers design, production, computerized inventory analysis and maintenance of custom business forms used throughout the financial industry. Fiserv Forms & Graphics Division had 35 employees as of December 31, 1988.

As of December 31, 1988, Fiserv had approximately 2,000 full-time employees segmented as follows:

Marketing and sales	104
Account management and client services	240
Computer operations, network control, and technical support	554
Programming, software development, modification, and maintenance	466
Conversions and client training	120
Related support	<u>516</u>
	2,000

Major competitors include First Financial Management Corporation, Florida Informanagement Services, Automatic Data Processing, NCR, Citicorp, and Electronic Data Systems (EDS).

Key Products and Services

Approximately 93% of Fiserv's 1988 revenue was derived from processing services, with the remaining 7% being derived from application software products.

Through Fiserv's eighteen data centers the company provides full-service account processing, funds transfer, reporting, and custom data sorting, along with complete documentation and training for financial institutions. Basic services include integrated systems to process various deposit and loan accounts, general ledgers, central



information files, household-based customer information systems, and other financial management information.

- While most clients contract to obtain all or a majority of their processing requirements from Fiserv, the modular design of the company's software allows a client to start with one application and gradually add applications and features as needed.
- Fiserv supports a range of terminals and other client-owned peripheral devices manufactured by many different vendors, including Unisys, NCR Corporation, IBM, and ISC Systems Corporation.
- Primary applications supported by Fiserv's data centers include the following:
 - Deposit Systems. The deposit systems include separate subsystems for demand deposit accounts (both retail and commercial), savings accounts, and certificates of deposit. These systems all include complete client control of rates, as well as terms, interest calculation methods, and other variables. All of these subsystems include audit controls, management reporting, and operations/customer service reporting. Specialized features include tiered interest rates, automatic interest and penalty calculations, combined statements, retirement account control and reporting, overdraft protection, and account profitability analysis.
 - Loan Systems. The loan systems include separate subsystems for mortgage loans, commercial loans, and consumer loans. The mortgage subsystem supports full adjustable mortgage instruments capability, construction lending and loan tracking, closing, and document preparation capability. The consumer and commercial systems include a range of interest calculation methods, delinquency charges, and payment routines to support various instruments offered by financial institutions.
 - General Ledger/Financial Systems. All of the deposit and loan processing subsystems generate summary entries to their respective general ledger control accounts. The general ledger systems include extensive audit and control features and include financial reporting for the client institution, including financial statements, budget analysis, cost accounting, and regulatory required summaries.
 - Customer Information Systems. These systems provide inquiry and reporting capabilities that consolidate all the



accounts of a customer of a thrift or bank. The systems provide consolidation by the customer's household address as well as by the customer's name. These systems provide management information and marketing/demographic data and also serve as the customer's name and address record.

- Fiserv also provides ancillary products such as an automatic clearinghouse transaction processor; an ATM support and network interface system; a safe deposit box accounting system; a fixed asset system; an account reconciliation system; item processing systems support interface; and a range of microcomputer-based capabilities, most of which are interfaced with their appropriate major account module.
- Product offerings between data centers differ in varying degrees depending on the needs of the client base. The product offerings at each of the data centers are moving towards homogeneous offerings so that Fiserv can achieve economies of scale in terms of software maintenance.
- As of December 31, 1988, Fiserv's eighteen data processing centers provided services to 392 savings institutions, 202 banks, 58 credit unions and 20 other financial institutions. The company currently maintains approximately 17.5 million on-line accounts, serving over 3,400 branch locations in 33 states.
- Contract fees are generally based on the number of accounts serviced by the financial institution and the number of transactions processed, plus additional charges for special options and features. Most contracts have provisions for annual fee increases. Generally, all the full-service contracts have an initial term of three years or more. Generally, the company's contracts may be terminated on the expiration of the original or renewal term upon six months prior notice.

In addition to Fiserv's integrated account processing services, the company also supplies the following software to enhance clients' own operational efficiency:

- The Collection Manager™ Delinquent Loan Collection System
- Resource™, a data extract system for specialized management summaries and reporting
- The LoanPro™ Expedited Mortgage Loan Document Preparation, Tracking, and Secondary Marketing Selection System



- The MicroServ™ PC-based Data Extract and Decision Support System, for generating "what if" scenarios
- Microserv PC-based Accounting Systems
- The TellerPhone™ Automated Voice-response Telephone Banking Service
- The Sendero™ Asset/Liability Management System
- The SERVivor™ System, a PC-based strategic operational program and related documentation for disaster recovery and contingency planning among financial institutions

Industry Markets

One hundred percent of FIServ's 1988 revenue was derived from the banking and finance industry.

Clients include savings and loans, savings banks, credit unions, commercial banks, securities firms, and financial planners.

Geographic Markets

Approximately 99% of FIServ's 1988 revenue was derived from the U.S., with the remaining 1% being derived from Africa, Asia, Australia, New Zealand, and Europe.

FIServ's eighteen processing centers are located throughout the U.S.

First Trust Corporation is headquartered in Denver (CO).

Sendero Corporation is headquartered in Phoenix (AZ).

Computer Hardware

FIServ data centers have IBM, Unisys, and NCR systems installed.

Clients can access FIServ's data centers via leased lines or satellite.

7/9/1

1247867

Fiserv - Company Report
SHEARSON LEHMAN BROTHERS HOLDINGS INC.
Hirsch, S.

DATE: 890726

INVESTEXT(tm) REPORT NUMBER: 924214, PAGE 0 OF 1
This is a(n) COMPANY report.

SECTION/TABLE HEADINGS:

Stock Price Data & Rating 1988-90	PG	1
Summary And Recommendation	PG	1
Opinion Legend	PG	1
Disclosure	PG	1

COMPANY: FISERV, INC.

TICKER SYMBOL: FISV

INDUSTRY CROSS REFERENCE: DATAPR

SIC CODES: 7374

SUBJECT DESCRIPTORS:

CUSTOMER BASE	PG	1
DISCLOSURE	PG	1
EARNINGS PER SHARE ESTIMATES	PG	1
INVESTMENT RECOMMENDATION	PG	1
QUARTERLY RESULTS	PG	1
STOCK PRICE DATA	PG	1
STOCK VALUATION	PG	1

PRODUCT DESCRIPTORS:

DATA PROCESSING SERVICES	PG	1
--------------------------	----	---

7/9/2

1247866

Fiserv - Company Report
SHEARSON LEHMAN BROTHERS HOLDINGS INC.
Hirsch, S.

DATE: 890726

INVESTEXT(tm) REPORT NUMBER: 924214, PAGE 1 OF 1
This is a(n) COMPANY report.

SECTION HEADINGS:

Summary And Recommendation
Opinion Legend
Disclosure

TABLE HEADINGS:

Stock Price Data & Rating 1988-90

TEXT:

Fiserv Rating 2/1

Second Quarter Results on Target

FISV, \$24 52-Week range: 24-18 FY 12/31 S&P 500: 333.88



[Part 1 of 2]

	1Q	2Q	3Q	4Q
1988	0.26	0.27	0.29	0.30
1989e	0.31a	0.33a	0.34	0.35
1990e	0.37	0.40	0.41	0.42

[Part 2 of 2]

	Year	P/E	Div.	Yield
1988	1.12	21.7	Nil	Nil
1989e	1.35	18.0	Nil	Nil
1990e	1.60	15.1	Nil	Nil

Shares outstanding: 8.5 million

DJ Equities: 313.37

Fiserv's second quarter '89 results were exactly on target with our estimate at \$0.33 per share versus \$0.27 a year earlier. That represents a 22% increase. Revenue totaled \$40 million, up 48% (helped by acquisitions coupled late last year). The stock responded favorably to the second quarter news, advancing 3/4 on relatively decent volume of 82,000 shares and closing at \$24 on July 25.

FISV has consistently delivered on quarterly earnings, but there is lingering skepticism regarding the company's ability to do so because of its association with the thrift industry. The irony is that the profitability squeeze being experienced by the industry is having a favorable impact on FISV. The company indicates it is signing new clients at the rate of one every four and a half business days. It has added 29 clients in 1989's first half, a gain of 130% year over year.

A key element driving the company's growth is the increased realization by financial institutions that data processing departments are costly. For most, it is their single largest line item. By moving to FISV's processing services, real savings can be realized at no sacrifice in performance.

FISV has four acquisitions pending. If even two of these are completed, our growth expectations for next year will be solidified.

FISV shares have advanced 30% since February, but we continue to see healthy upside potential from current levels. Our objective is \$32 per share over the next 12 months, or a price appreciation potential of 33% - assuming that Fiserv attains its earnings targets, and is able to sustain its existing multiple on trailing 12-months EPS. FISV is on the SLH Selected Growth Stock Recommended List.

The following is a key to the investment rankings discussed in this report. The first digit is a short-term (ST) rank, a guide to expected price performance through a six-month time frame. The second digit is a more fundamental long-term (LT) rank reflecting expected performance over a period from six to 18 months. 1 = Buy; outperforms the market by



20 or more percentage points. 2 = Outperform the market by 10-20 points. 3 = Neutral performance in line with the market. 4 = Underperform the market by 10-20 points. 5 = Sell; underperform the market by 20 or more points.

Shearson Lehman Hutton Inc. makes a market in the securities of Fiserv Inc. OTC securities mentioned herein may not be blue skied in all states; brokers should check the FCI system or call the Blue Sky Department before placing orders.

COMPANY: FISERV, INC.
TICKER SYMBOL: FISV
INDUSTRY CROSS REFERENCE: DATAPR

SIC CODES: 7374

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *EARNINGS PER SHARE ESTIMATES;
*INVESTMENT RECOMMENDATION; *QUARTERLY RESULTS; *CUSTOMER BASE; *STOCK
VALUATION; *DISCLOSURE
PRODUCT DESCRIPTORS: DATA PROCESSING SERVICES



2/12/1
 00020791
 FISERV INC
 2152 S 114 STREET
 WEST ALLIS WI 53227

Exchange: NMS Ticker: FISV

SIC Code: 7374 (COMPUTER PROCESSING & DATA PREPARATION SERVICES)

Number of Companies in Industry: 30

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	40.1	2.8	.33	.00	8,280
89Q1 (03/89)	39.1	2.6	.31	.00	7,990
88Q4 (12/88)	37.8	2.4	.30	.00	8,280
88Q3 (09/88)	36.2	2.4	.29	.00	7,973
88Q2 (06/88)	27.1	2.2	.27	.00	7,826
88Q1 (03/88)	23.9	2.1	.26	.00	7,823
87Q4 (12/87)	22.6	2.0	.24	.00	7,809
87Q3 (09/87)	21.0	1.8	.22	.00	7,809
87Q2 (06/87)	21.4	1.7	.23	.00	7,766
87Q1 (03/87)	20.5	1.7	.23	.00	6,869
86Q4 (12/86)	19.9	1.3	.19	.00	6,869
86Q3 (09/86)	19.1	1.1	.18	.00	6,869
86Q2 (06/86)	15.7	1.2	.19	.00	6,869
86Q1 (03/86)	15.6	1.1	.18	.00	6,869
85Q4 (12/85)	10.6	.1	.01	.00	5,834
85Q3 (09/85)	7.4	.1	.01	.00	5,834



U.S. Mother Company Evaluation Template

Name: NATIONAL DATA CORP. Phone: (404) 728-2000
 Address: National Data Plaza
 Key Managers: L. C. Whitney - CEO
Mark L. Braunstein - President

Evaluation

- 1988 Revenue: \$177 (H) M L
- Services Content: Processing 100 % Syst. Ops. % (H) M L
- Stability: 5 year CAGR 11 % Age 22 years stable (H) M L
revenue growth over last 5 years
- Management Strength: no apparent weaknesses, acquisition experience (H) M L
- Industry Orientation: Financial Revenue 20 % Other (%) 40 % retail, (H) (M) L
20% each telecom and health insurance
- Pretax Return on Sales $\geq 10\%$: 14% in 87 & 88, no losses (H) M L
in last 5 years
- Stock Price \$34 P/E 19 Mkt Capitalization \$408M H (M) L
- Industry/Service Segment CAGR $\geq 20\%$ retail (13%) H (M) L
telecom (15%), insurance (14%)
- NYC/East Coast Geographic Orientation: Atlanta HQ plus 11 H M (L)
facilities over south, east and western U.S.
- International Synergy: H (M) L

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					
B. Payroll Processing					
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems				X	X

Bank cash mgmt.
Treasury DSS

11. Comments: First class company with diversified revenue base



COMPANY PROFILE

NATIONAL DATA CORPORATION

National Data Plaza
Atlanta, GA 30329
(404) 728-2000

L.C. Whitney, Chairman and CEO
Public Corporation, OTC
Total Employees: 4,300
Total Revenue, Fiscal Year End
5/31/89: \$227,496,000

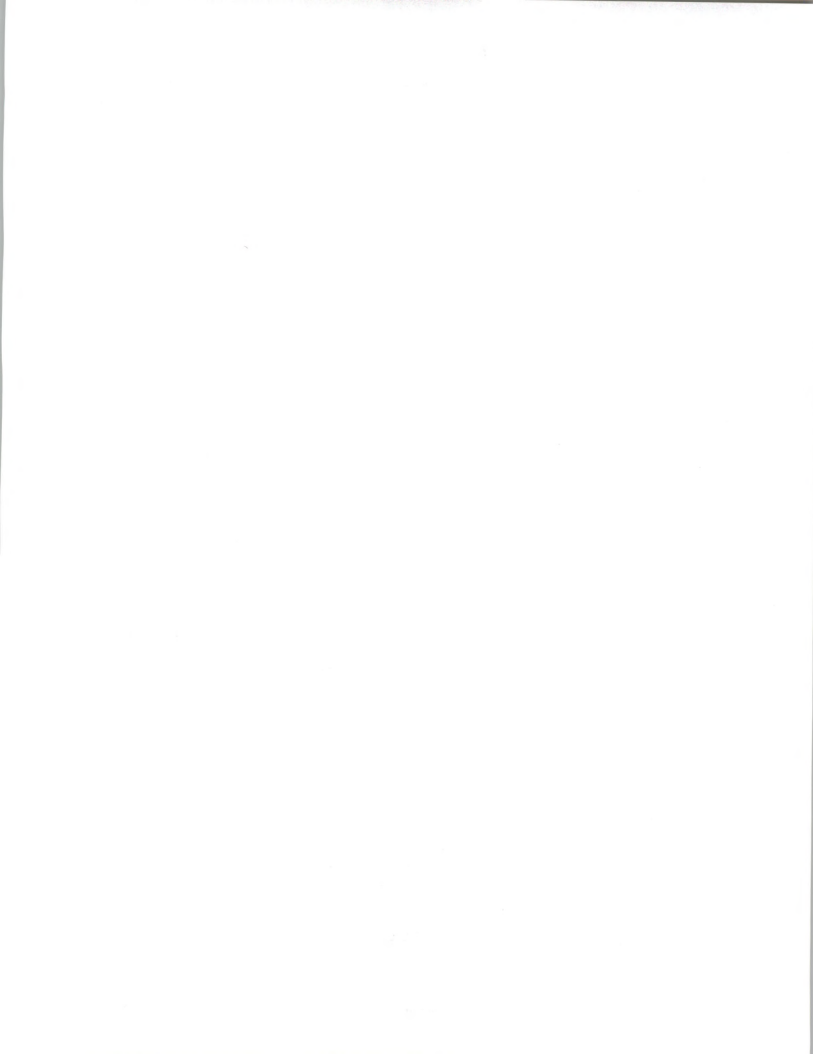
The Company

National Data Corporation (NDC) was incorporated in 1967 in Delaware to provide specialized data processing and facilities management services. The company currently provides various processing services, professional services, turnkey systems, and facilities management primarily in the areas of cash management, credit card authorization and processing, health care, and telemarketing.

Total fiscal 1989 revenue reached \$227.5 million a 28% increase over fiscal 1988 revenue of \$177.1 million. Net income rose approximately 23%, from \$16.4 million in fiscal 1988 to 20.2 million in fiscal 1989. A fiveyear financial summary follows:

NATIONAL DATA CORPORATION FIVE-YEAR FINANCIAL SUMMARY (\$ thousands, except per share data)

ITEM	FISCAL YEAR				
	5/89	5/88	5/87	5/86	5/85
Revenue	\$227,496	\$177,137	\$158,816	\$142,823	\$123,211
• Percent increase from previous year	28%	12%	11%	16%	6%
Income before taxes	\$31,485	\$25,670	\$24,287	\$19,180	\$9,218
• Percent increase (decrease) from previous year	23%	6%	27%	108%	(47%)
Net income	\$20,238	\$16,429	\$13,565	\$6,758	\$7,542
• Percent increase (decrease) from previous years	23%	21%	101%	(10%)	(38%)
Earnings per share	\$1.75	\$1.43	\$1.20	\$0.61	\$0.68
• Percent increase (decrease) from previous year	22%	19%	97%	(10%)	(34%)

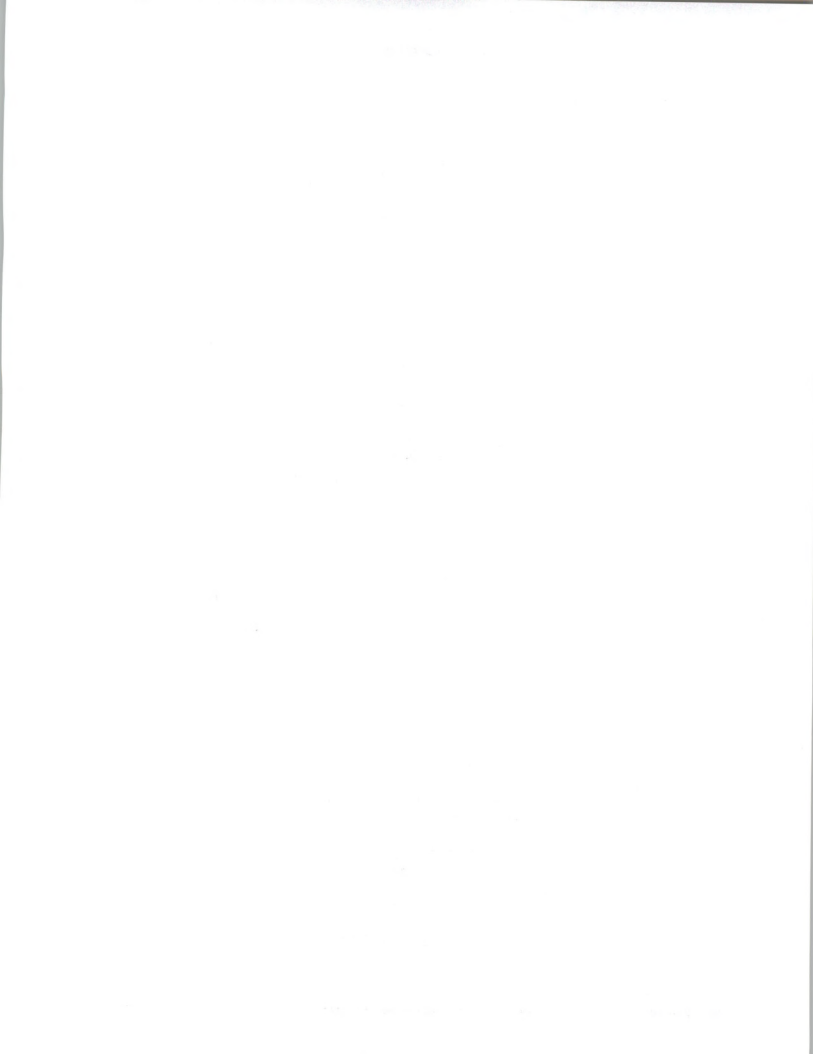


Recent acquisitions made by NDC include the following:

- In 1989, NDC acquired Condor Corporation, an Alabama-based supplier of pharmacy automation systems. Condor had approximately 45 employees at the time of the acquisition.
- In February 1989, NDC acquired TeleCARD[®], the electronic data capture business of Telenet Communications Corporation, a subsidiary of U.S. Sprint Corporation.
 - The acquisition of TeleCARD adds 5,000 credit card authorization terminals to NDC's existing base of 75,000 terminals.
- Also in February 1989, NDC acquired Modular Data, Inc. of Los Angeles. Modular Data provides electronic data capture of retail credit and debit card transactions for banks, and now operates as a wholly-owned subsidiary of NDC.
- In July 1989, NDC entered into an agreement with First Pennsylvania Bank, N.A., whereby NDC will acquire First Pennsylvania's merchant processing business. NDC will perform all merchant accounting, authorization, data capture, customer service, credit and support functions. First Pennsylvania will continue to accept merchant deposits at its branches.
- During 1988, NDC entered into an identical agreement with Chemical Bank, a former competitor. Chemical Bank had approximately 20,000 merchant processing customers with point-of-sale equipment in approximately 25,000 customer locations.

NDC is organized into the following divisions/subsidiaries:

- The NDC Credit Card Services Division provides credit card charge authorization, credit card processing, and remittance processing services.
- The NDC Corporate Financial Services Division provides various cash management and reporting processing services.
- The NDC Health Care Data Services Division provides turnkey systems for pharmacy applications. Through NDC Federal Systems, Inc. the company also provides professional services to federal government agencies for health care applications.
- The NDC Telemarketing Services Division provides direct sales



and response telemarketing services, market analysis, and locator services to retailers and operator services to the telecommunications industry.

- Communication Response Services, Inc. is a wholly-owned subsidiary providing telemarketing services.
- NDC International, Ltd., a wholly-owned subsidiary headquartered in London, markets cash management services throughout Western Europe.
- National Data Corporation of Canada, Ltd. markets cash management, credit card, and telemarketing services in Canada. This subsidiary is headquartered in Don Mills, Ontario.
- Technology Sales and Leasing Co., Inc. is an equipment leasing subsidiary.
- Modular Data, Inc. is a wholly-owned subsidiary providing electronic data capture primarily in California.

NDC's principal competitors, by service area, include the following:

- Cash management: Automatic Data Processing and in-house data processing centers.
- Credit card services: First Data Resources and various bank associations.
- Telemarketing: Dial America and regional telephone answering firms.
- Health care: Three PM Inc. (3PM) and PharmAssist.

Key Products and Services

INPUT estimates approximately 88% of NDC's total fiscal 1989 revenue was derived from its various processing services, 9% from turnkey systems sales, and 3% from the sale of application software packages.

- Services for fiscal 1988 were segmented as follows (\$ millions):



	<u>Revenue</u>	<u>Percent of Total</u>
Electronic payment systems	\$75.1	42%
Corporate financial services	\$37.8	21%
Health care data services	\$32.5	18%
Telecommunications services	<u>\$31.8</u>	<u>18%</u>
TOTAL	\$177.1*	100% *

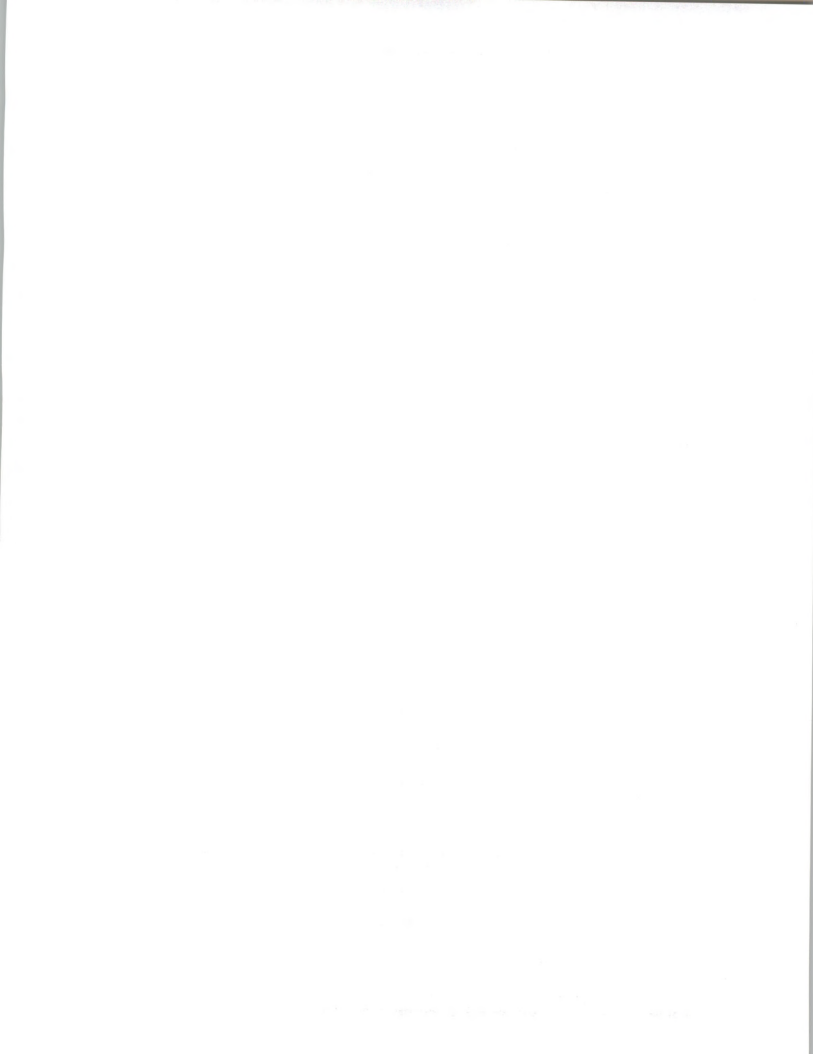
** Difference in total due to rounding*

Although the 1989 revenue results by service area are not available at the time of publication, INPUT believes the services mix did not change substantially in fiscal 1989.

- The telecommunications services revenue for fiscal 1990 should decrease as a percent of revenue in fiscal 1990 due to the loss of a major contract with U.S. Sprint. U.S. Sprint indicated it would be handling its operator services in-house as of the fourth quarter of fiscal 1989 or the first quarter of fiscal 1990. The U.S. Sprint contract contributed 70% to telecommunications services revenue in fiscal 1988 and 11% to NDC's total revenue.

Electronic payment systems include credit card charge authorization, credit and debit card processing, and remittance processing for both bank and private label card plans.

- NDC's credit card authorization services are presently being provided to approximately 1 million locations through approximately 200 financial institutions in the U.S. and Canada. The credit card authorization services are being used by approximately 600,000 retail outlets.
- NDC's electronic point-of-sale authorization systems provide banks and merchants with a nationwide credit authorization network for both credit cards and checks. Credit requests are transmitted from the merchant to NDC through the merchant's terminal, and the credit authorization is then relayed to the terminal by electronic display or audio response.
- The service is also capable of supporting additional applications such as NDC's deposit and information reporting services and other cash management services.
- Approximately 150,000 merchants through 200 financial institutions use NDC's electronic point-of-sale



authorization systems.

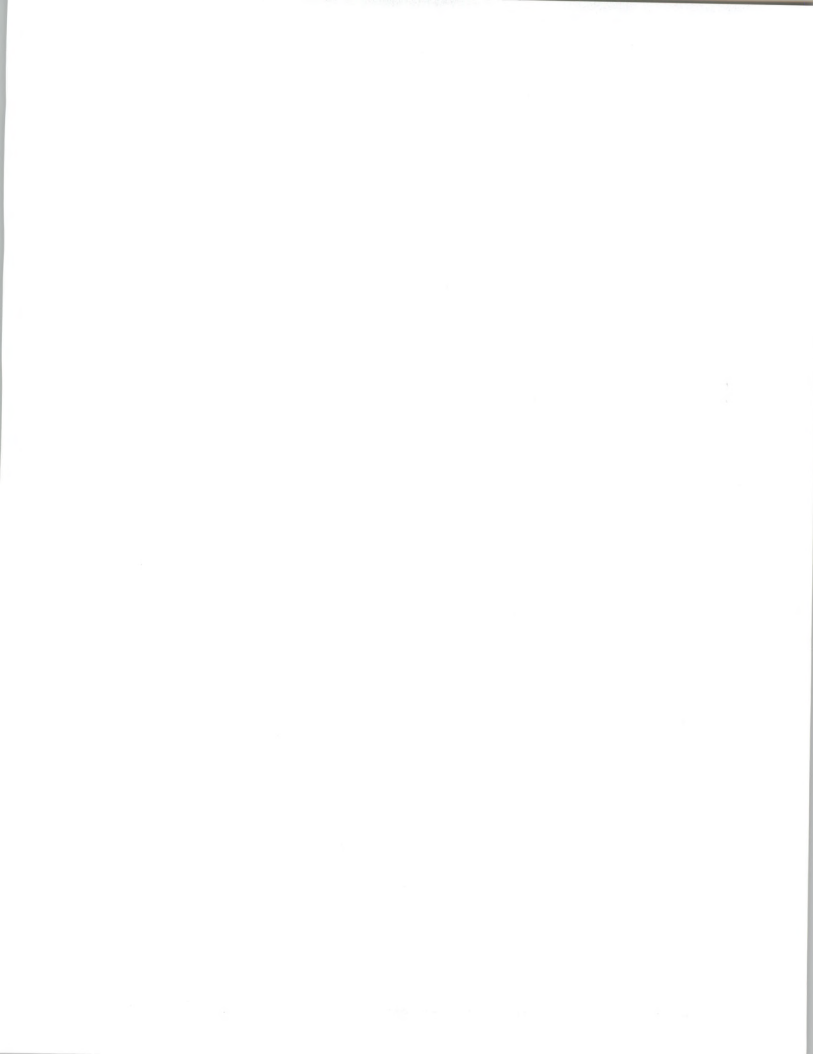
- Credit authorization is also provided by telephone, voice and audio response authorization services.
 - NDC maintains seven regional voice centers that are staffed 24 hours a day, seven days a week.
 - Audio response authorization employs computer-synthesized voice response to credit inquiries.
- The Total SystemTM is an on-line credit card authorization and billing system jointly offered by NDC and a Columbus Bank and Trust company affiliate, Total Systems Services, Inc.
 - Total Systems Services, Inc. provides the credit card billing and merchant accounting portion of the service, and NDC provides the authorization and data entry components.
 - The system can process both MasterCard and VISA credits for the same customer.
 - NDC receives a percent of revenue from this venture as commission.
 - A total of 175 banks, credit unions, and savings and loan associations currently use the system.
- Remittance processing services provided by NDC include depositing payments to a customer-designated account and providing same-day accounts receivable updates and summary reports. There are approximately 35 customers using this service.
- In September 1983, NDC introduced the Electronic Data Capture (EDC) system, which incorporates the capabilities of an electronic point-of-sale terminal to verify credit, and offers merchants positive balancing at the point of sale, prior to depositing.
 - The system operates in conjunction with NDC's Network for Electronic Transaction Services (NETSTM). A terminal is used to process the transaction for authorization and store the cardholder information for transmission to NDC where the data is collected, balanced, and switched electronically to the merchant bank for deposit and subsequently to the cardholder's bank for billing.



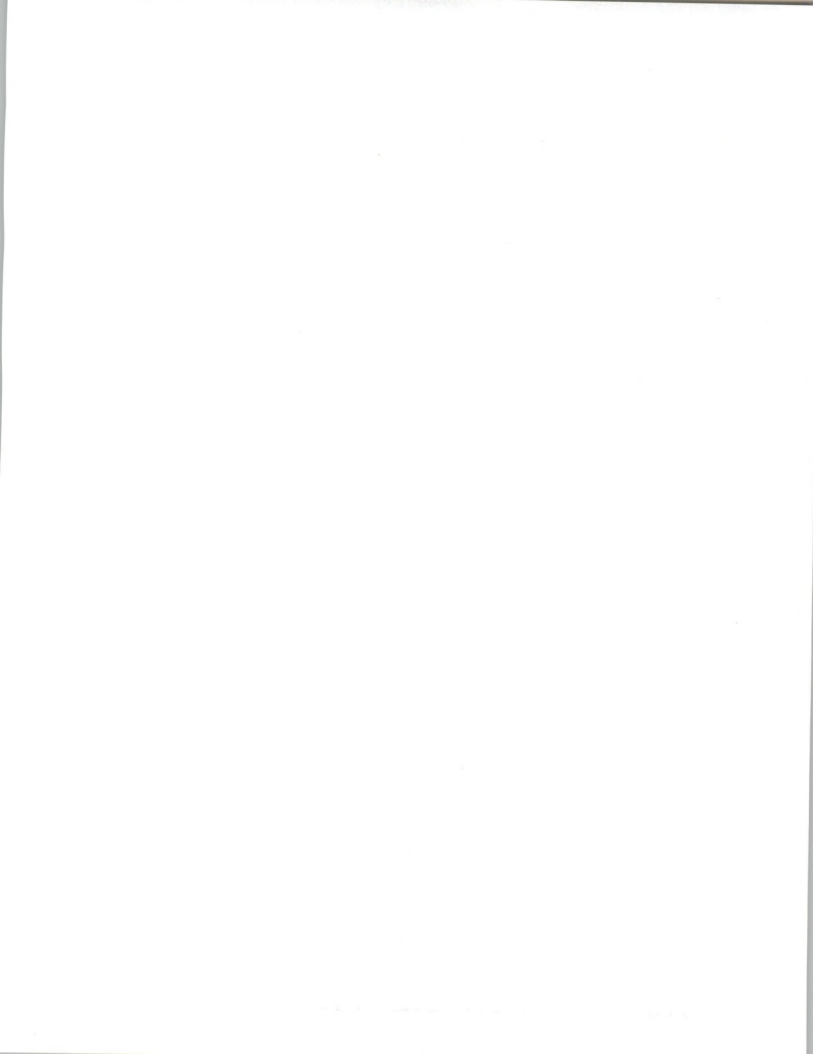
- The system also provides for the storage and retrieval of sales tickets and daily activity reporting by store location.
- There are approximately 65,000 merchant locations currently using the EDC system.
- During fiscal 1986, NDC introduced a host-based data capture capability to its EDC system. This system differs from the NDC terminal-based system in that it can be accessed by first generation ("dumb") dial terminals as well as on-line point-of-sale devices such as electronic cash registers and customer/clerk-operated line control terminals. The system is currently processing both credit and debit card transactions. In 1987, NDC completed implementation of the system for a major retailer and now has over 2,000 electronic cash registers on-line.
- NDC also offers industry-specific EDC systems for the restaurant industry and the lodging industry.

Corporate Financial Services, available to banks and their corporate customers, include the following:

- NDC's Deposit Reporting Service permits electronic concentration of local bank deposits from an organization's remote locations into central banks for accelerated funds availability.
 - Deposit reports are compiled and transmitted to the concentration bank designated by the customer for the purpose of initiating funds transfer via depository transfer checks (DTCs) or electronic Automated Clearing House debits.
 - The same data is also transmitted to customer management. This service accelerates the availability of cash receipts, enforces systematic unit reporting, provides audit trails for reconciliation, and provides confidential handling.
 - Approximately 4,200 customers presently use this service and about 175 market this service to their customers.
- Bank Balance Reporting Services enable customers of participating banks to receive daily bank balance information so that cash management decisions can be made rapidly. Approximately 2,000 banks participate in this service, involving in excess of 10,000 corporate customers.



- NDC's Money Transfer System allows corporate customers to initiate wire transfers through banks by terminals located at the customers' places of business. Instructions are forwarded by terminal to the sending bank for immediate processing. Twenty-seven banks currently subscribe to this service.
- The Information Reporting Service provides customers with daily or other periodic consolidated management information collected from remote locations, such as data on sales, payroll, disbursements, inventory, and deposits. Approximately 430 customers currently use this service.
- NDC also offers Foreign Exchange Reporting as a complement to its international cash management services.
 - The service provides immediate and current exchange rate information for various foreign currencies in addition to spot rate information, future rate prediction, and comparative rate analysis of foreign exchange deposits and transactions.
 - Eighteen bank customers currently subscribe to Foreign Exchange Reporting, involving in excess of 260 customers.
- The Cash Management Exchange™ is a cash management, financial, and reporting service that provides for the transmission and exchange of information and instructions, both to and from banks, their corporate customers, and other computers via NDC's on-line network.
 - Financial and transactional data available via the Cash Management Exchange includes multibank balance and account activity, depository transfer information, foreign exchange and money market rates, and securities transaction reporting.
 - The Cash Management Exchange receives financial information from more than 2,000 banks in 46 countries and provides financial information to some 10,000 corporations. Approximately 130 banks currently subscribe to the service.
- NDC offers NETS™ (Network for Electronic Transactions) primarily to bank customers. NETS is a distributed processing network based on Tandem NonStop computers that allows banks to provide advanced financial services to large corporations and the middle, retail, and consumer (personal computer) markets by linking microcomputers and terminals with NDC's network. Approximately 5,300 corporations are using the NETS system through 13 licensee banks.



- In early 1983, NDC introduced the Treasury Manager System, an IBM PC-based decision support system for treasury functions that can also be used to access NDC's Cash Management Exchange network.
 - Software modules are available to assist the corporate treasurer in determining net cash positions, analyzing debt and investment levels, forecasting cash, and providing cash ledger and general ledger data.
 - NDC provides marketing support, training, installation, customer service, and maintenance for the system.
 - Prices range from \$8,000 to \$20,000 for the average hardware and software configuration, plus ongoing usage fees. Existing IBM PC users can also license the software separately
- NDC provides timesharing through an arrangement with GE Information Services in connection with some of its cash management services. The timesharing capability, which is also offered through NDC's own network, allows each customer to store data and obtain reports that meet their specifications.
- The Cash Management Academy™ was established by NDC in 1982 to offer instruction to corporate and banking clients in the area of cash management theory and techniques.

NDC's Health Care Data Services Division provides turnkey systems for pharmacy management to hospitals, health maintenance organizations (HMOs), and independent and chain store pharmacies.

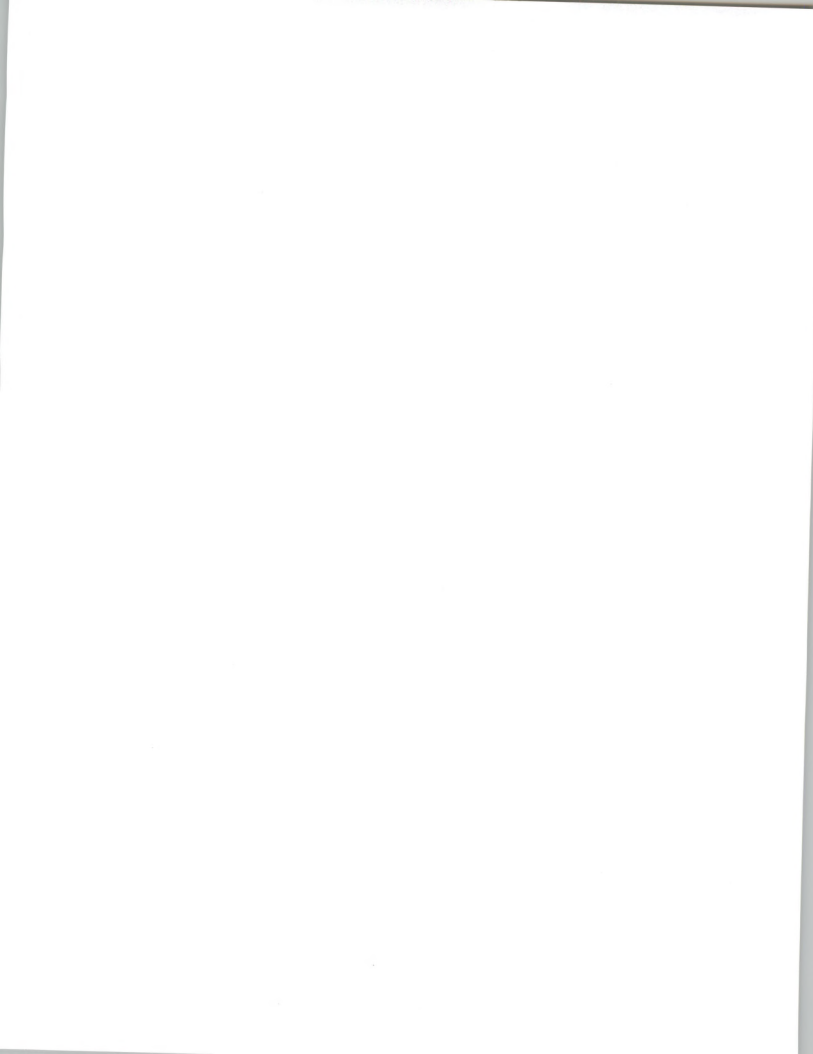
- DataStat™, introduced in 1983, is a turnkey system designed for pharmacy management running on both minicomputers and personal computers.
 - NDC's initial DataStat product was designed for the retail pharmacy. Versions for nursing homes and hospitals are also available.
 - DataStat fills, refills, and prices prescriptions; maintains patient profiles; processes third-party claims; and prepares management reports. A communications interface allows access to NDC's network for price updating, data base updating, and third-party billing functions.
 - NDC also provides a complete microcomputer-based



automated management system for dental offices. The system manages and maintains patient information, an appointment calendar, insurance claims processing and follow-up tracking, patient treatment planning and tracking, and customer billing and receivable tracking.

- DataLink™, for large drugstore chains, is a payment systems interface between DataStat and NDC's credit card authorization and check guarantee network. A cash management interface allows the pharmacy system to use NDC's cash reporting and financial services.
- In June 1988, NDC entered into an agreement with Paid Prescriptions, Inc. under which NDC will provide Paid Prescriptions with certain electronic services relating to Paid Prescriptions' pre-paid prescription drug programs, and Paid Prescriptions will market electronic processing services to its pharmacy customers on behalf of NDC.
- NDC Federal Systems, Inc. (FSI), formed with the acquisition of Libra Group in 1984, provides professional services for health care applications. Services are provided primarily to federal government agencies.
 - Services include:
 - Requirements analysis
 - Facilities planning
 - Site engineering
 - Systems design, including distributed systems and data base management systems
 - Hardware and/or software selection, procurement, and installation
 - Facilities management
 - FSI also provides electronic eligibility verification, real-time claims authorization, data capture and adjudication services to a variety of health care markets such as hospitals, health maintenance organizations, pharmacies and preferred provider organizations. This service enables the company's customer to speed up claims collection and reconciliation while eliminating paper processing by sending the claims electronically to NDC, which in turn processes them and transmits them to payers.

Telemarketing Services are provided to retailers and advertisers who market their products by television and newsprint advertising, direct response mail, and catalogs to the "shop at home" buyer. A



broad range of services are available 24 hours a day, seven days a week.

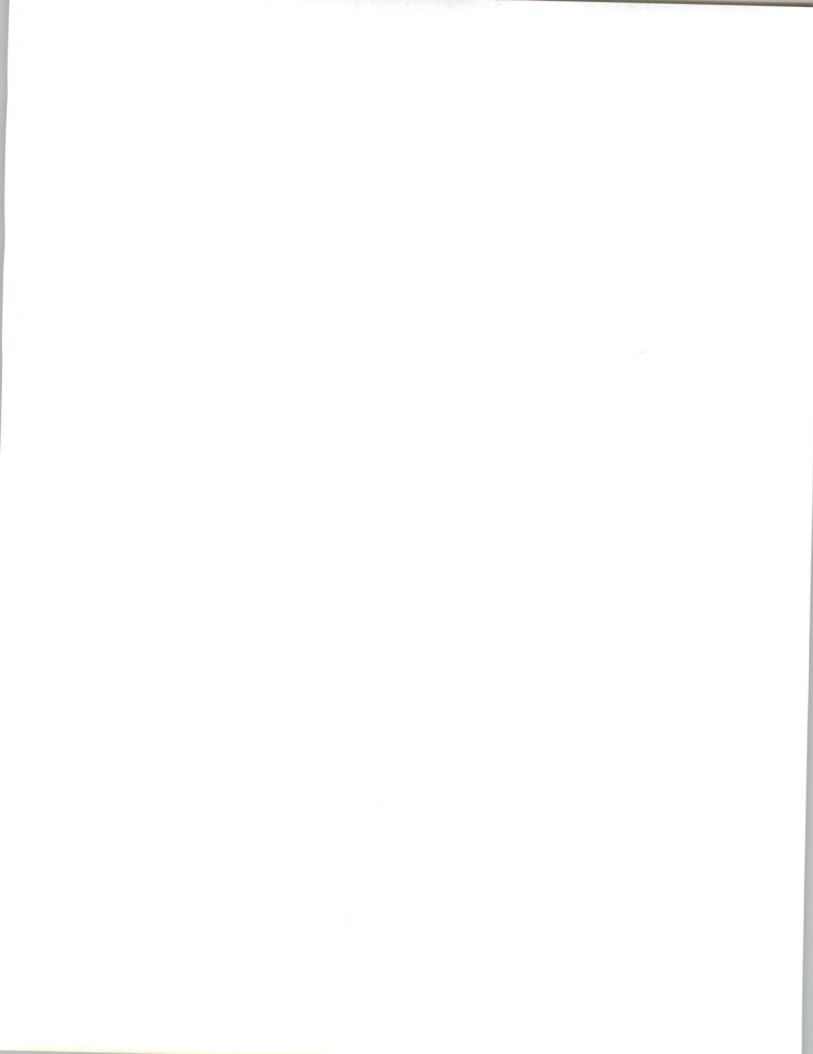
- In connection with its Inbound Telemarketing System, NDC operators answer the phone in the client's name, take the order, enter the order in a central data base, and provide the client with a complete order record at the end of each day. NDC can prepare and deliver orders using the client's own order and report forms, and can provide credit card authorization for the caller at the time the order is placed.
- During fiscal 1984, NDC expanded its telemarketing services to include direct telephone sales (Outbound Telemarketing System) on behalf of its clients. A major user of these service is AT&T.
- Merchandiser Marketing and Market Analysis Services provide the client with information on television advertising effectiveness. Associated consulting services are also available.
- Locater Services direct the telephone caller to the nearest location for a specific product or service.
- Other services include:
 - Operator services for major telecommunications suppliers, including collect call processing, call completion from older rotary telephones, directory assistance, and person-to-person calling capabilities.
 - Consulting and fund-raising programs

Industry Markets

A majority of NDC's fiscal 1989 revenue was derived from the banking and finance and retail industry sectors. The remainder of revenue was derived from petroleum, medical, airlines, and telephone industry clients and the federal government.

Geographic Markets

Approximately 96% of NDC's fiscal 1989 revenue was derived from the U.S. The remaining 4% was derived from Canada, Japan, and Europe.



Stock Price Data & Rating 1988-90

TEXT:

NATIONAL DATA CORPORATION

(NDTA/OTC)

RATING #3/NEUTRAL

Price May 26: \$32 3/8 12-Month Price Range: \$33-\$19

FY90E EPS: \$2.15

P/E FY90E: 13.1X

FY89E EPS: \$1.73

P/E FY89E: 18.7X

FY88A EPS: \$1.43

P/E FY88A: 22.6X

Fiscal Year End: May Dividend/Yield: \$0.44/1%

Shares Outstanding: 11,581,000 Book Value: \$9.01

Market Capitalization: \$375 mil. Debt/Equity: 53%

Average Monthly Volume: 5,335,800 Return on Equity (1989E): 21%

SUMMARY

Headquartered in Atlanta, National Data Corporation is one of the pioneers in the transaction services market. Long before other companies perceived the value of such services, they were building a recurring revenue base. NDTA's competition comes from companies such as Tymnet (McDonnell Douglas [MD - \$79 1/2]), VISA, Mastercard, First Data Resources (American Express [AXP - \$33 7/8]), etc. Over the past five years, management has created a multi-service business driven off the same technology base. Generally this includes network processing and voice services. In network processing, the company provides credit card transaction services, health care claims processing and financial information services through a nationwide network that drives POS devices and terminals. In voice services, NDTA offers voice credit card authorization as well as telemarketing, long distance operator services and catalog fulfillment.

Earnings per share, including our FY89 estimate, will demonstrate growth at a 19% compound rate for the FY86-FY89E period due to the development of new services, acquisitions, and some margin improvement. NDTA stock has been the subject of acquisition rumors and a preliminary deal with Medco Containment Systems (MCCS - \$16 1/8), which was subsequently cancelled. Recently, H&R Block (HRB - \$28 1/2) sold its 9% stake in the company in an aborted acquisition move. We believe these suitors were interested in the overall strategy but upon closer examination found it was not necessary to own the whole company.

Through many years of effort, the company has built a sizable revenue base projected at \$218.0 million in FY89. We briefly summarize our long-term posture on NDTA, as well as recent events, as follows:

* Management has been able to transition from older services, with lower growth potential, to new ones without material impact.

* Health care claims processing is the largest new area of



expansion, although there are others.

* NDTA has successfully defended a leading market share in credit card authorization, providing a sizable transaction volume base which allows the addition of new services.

* A key challenge will be to replace a contract with U.S. Sprint for operator services that should wind down in March 1990. This should slow down earnings growth in FY91.

Relative to NDTA stock, our current #3, neutral, rating reflects questions about calendar 1990 as the aforementioned major contract unwinds, as well as the recent stock run. Overall, we are impressed with NDTA's progress in pharmacy claim transactions.

COMPANY: NATIONAL DATA CORP.

TICKER SYMBOL: NDTA

INDUSTRY CROSS REFERENCE: DATAPR

SIC CODES: 7374; 7371; 7373; 6153

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *INVESTMENT RECOMMENDATION;
*EARNINGS PER SHARE ESTIMATES; *COMPANY DESCRIPTION; *DIVESTITURES; *ANNUAL
RESULTS; *SALES/EARNINGS ESTIMATES

PRODUCT DESCRIPTORS: TRANSACTION PROCESSING SERVICES; INFORMATION SERVICES;
COMMUNICATIONS SERVICES; CREDIT AGENCIES

? logoff hold



3/12/1
 00005028
 NATIONAL DATA CORP
 NATIONAL DATA PLAZA
 ATLANTA GA 30329-2010

Exchange: NMS Ticker: NDTA

SIC Code: 7374 (COMPUTER PROCESSING & DATA PREPARATION SERVICES)

Number of Companies in Industry: 30

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q4 (05/89)	69.0	6.2	.53	.11	11,578
89Q3 (02/89)	55.5	5.2	.45	.11	11,530
89Q2 (11/88)	54.4	4.5	.39	.11	11,458
89Q1 (08/88)	48.6	4.3	.38	.11	11,458
88Q4 (05/88)	47.0	4.5	.39	.11	11,458
88Q3 (02/88)	44.2	4.3	.37	.11	11,444
88Q2 (11/87)	42.5	3.9	.34	.11	11,390
88Q1 (08/87)	43.4	3.7	.33	.11	11,267
87Q4 (05/87)	42.0	3.5	.31	.11	11,267
87Q3 (02/87)	40.0	3.5	.31	.11	11,273
87Q2 (11/86)	39.3	3.4	.30	.11	11,200
87Q1 (08/86)	37.6	3.1	.28	.11	11,198
86Q4 (05/86)	37.8	-1.4	.68	.11	11,730
86Q3 (02/86)	39.1	3.0	.26	.11	11,128
86Q2 (11/85)	37.1	2.6	.24	.11	11,071
86Q1 (08/85)	38.1	2.5	.23	.11	11,048



U.S. Mother Company Evaluation Template

Name: DST SYSTEMS, INC. Phone: (816) 221-5545
 Address: 1004 Baltimore Avenue, Kansas City, MO 64105
 Key Managers: Thomas A. McDonnell, CEO

Evaluation

- 1988 Revenue: \$138 million H (M) L
- Services Content: Processing 100 % Syst. Ops. % (H) M L
- Stability: 5 year CAGR 23 % Age 20 years H (M) L
88-87 growth 1% only due to stock market crash
- Management Strength: No obvious strengths or weaknesses H (M) L
- Industry Orientation: Financial Revenue 85 % Other (%) 15 (H) M L
Markets served: mutual fund industry, regional and money
center banks, insurance companies.
- Pretax Return on Sales $\geq 10\%$: 13.7% (H) M L
- Stock Price 13 $\frac{1}{2}$ P/E 29 Mkt Capitalization \$257m H M (L)
- Industry/Service Segment CAGR $\geq 20\%$ Banking 13%, brokerage 13%, H M (L)
L&H insurance 11%, P&C insurance 10%, transaction processing 13%
- NYC/East Coast Geographic Orientation: HQ in Kansas City; all H M (L)
over US with concentration in NE (NY & New England states).
- International Synergy: H M (L)

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					
B. Payroll Processing					
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					

NONE

11. Comments: P/E is alarmingly high; narrow but well established niche.



11/9/2
1118717

DST Systems Inc. - Company Report
MARKET GUIDE INC.
Laub, J.A.

DATE: 890330
INVESTEXT(tm) REPORT NUMBER: 624081, PAGE 1 OF 2
This is a(n) COMPANY report.

SECTION HEADINGS:

Summary
Company Products
Equity and Debt Distribution
Corporate Office
Market Makers

TABLE HEADINGS:

Table: Stock Price Data

TEXT:

DST Systems, Inc.
NASDAQ Symbol DSTS

PRICE	SHARE EARN. (LOSS)	P/E	APPROX. BID	MONTHLY
11 BID	LAST 12 MOS.	RATIO	RANGE 12 MOS.	VOL. EST.
11 1/2 ASK	\$0.61	18	18 1/2H, 11 1/4L	270000

FOLLOWING DATA FOR FISCAL DEC, 1988.				
REVENUE	EARNINGS (LOSS)	EQUITY	AVG SHARES THEN	CURRENT FLOAT
PER SHARE	PER SHARE	PER SHARE	OUTSTANDING	(APPROXIMATE)
\$7.24	\$0.61	\$3.90	19118915	2300000

NM - NOT MEANINGFUL
N/A - NOT APPLICABLE
NA - NOT AVAILABLE

SUMMARY:

DST designs, develops and operates proprietary software systems which provide shareholder accounting & record-keeping services to the mutual fund industry. The service is distributed on a direct basis and through various subsidiary and joint venture affiliates. Revenues for the fiscal year ended 12/31/88 increased 1% to \$138.4M. Net income decreased 41% to \$11.7M. Results were negatively impacted by a 110% increase in contract labor expense.

COMPANY PRODUCTS:

SOFTWARE

EQUITY AND DEBT DISTRIBUTION:



Common Stock \$.01 Par, 12/88, 30M auth., 20,559,592 issued, less 1,541,800 shares in Treas. Insiders control approx. 1%, KCSI, Inc. owns approx. 87%. Public Offering 3/83, 1.25M shares @ \$26 by Morgan Stanley. ST Debt: \$13.5M @ Prime; LT Debt: \$27.5M @ 80% of Prime, \$20.3M @ 9% - 14.45%, \$8.6M @ Prime, \$1.4M cap. lse. 2-for-1 stock split, 9/87.

CORPORATE OFFICE:

1004 Baltimore Avenue, Kansas City, MO USA (816) 221-5545
 OFFICERS: T.A. McDonnell, Pres./CEO/Treasurer, Thomas McCullough, Exec. VP, R.D. Closterman, VP, Jules Moskowitz, VP/Secy. TRANSFER AGENT: United Missouri Bank of Kansas City, NA. Company incorporated in MO. Direct inquiries to: T.A. McDonald, Pres./CEO/Treas.

MARKET MAKERS:

ALEX BROWN & SONS, Baltimore, MD
 GEORGE K. BAUM, Kansas City, KS
 JOSEPH THAL & CO., New York, NY
 KIDDER, PEABODY, New York, NY
 WM. V. FRANKEL, Jersey City, NJ
 WERTHEIM & CO., New York, NY
 PRUDENTIAL-BACHE, New York, NY
 TROSTER, SINGER, Jersey City, NJ
 SHERWOOD SECURITIES, Denver, CO

COMPANY: DST SYSTEMS INC.

TICKER SYMBOL: DSTS

INDUSTRY CROSS REFERENCE: DATAPR

SIC CODES: 7371; 7372; 7312

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *EARNINGS PER SHARE ESTIMATES;
 *STOCK TRANSACTIONS AND OWNERSHIP; *MANAGEMENT
 PRODUCT DESCRIPTORS: SOFTWARE
 ? logoff hold



4/12/1

00014612

DST SYST INC

301 W. 11TH ST.

KANSAS CITY MO 64105

Exchange: NMS Ticker: DSTS

SIC Code: 7373 (COMPUTER INTEGRATED SYSTEMS DESIGN)

Number of Companies in Industry: 50

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	31.5	2.9	.15	.04	19,018
89Q1 (03/89)	32.5	2.9	.15	.04	20,356
88Q4 (12/88)	34.2	.4	.03	.04	19,018
88Q3 (09/88)	36.9	2.4	.13	.04	19,153
88Q2 (06/88)	33.5	3.8	.20	.04	20,356
88Q1 (03/88)	33.8	5.0	.25	.03	19,446
87Q4 (12/87)	34.4	5.1	.26	.03	20,236
87Q3 (09/87)	35.6	5.3	.27	.03	19,614
87Q2 (06/87)	35.6	5.1	.26	.02	19,482
87Q1 (03/87)	31.9	4.3	.22	.03	19,408
86Q4 (12/86)	25.4	5.5	.29	.02	19,408
86Q3 (09/86)	22.8	3.1	.17	.03	19,400
86Q2 (06/86)	20.9	2.7	.14	.02	19,446
86Q1 (03/86)	19.5	1.8	.10	.03	19,446
85Q4 (12/85)	17.9	1.3	.07	.02	19,446
85Q3 (09/85)	17.2	2.1	.11	.03	19,594



U.S. Mother Company Evaluation Template

Name: TELECREDIT, INC. Phone: (213) 410-4600
 Address: 1901 Avenue of the Stars, Los Angeles, CA 90067
 Key Managers: Lee A. Ault III, Chairman and CEO

Evaluation

1. 1988 Revenue: \$ 142.6 million H (M) L
2. Services Content: Processing 100 % Syst. Ops. % (H) M L
3. Stability: 5 year CAGR 18 % Age 27 years (H) M L
Steady growth of 20% from 84-88
4. Management Strength: Unknown H (M) L
5. Industry Orientation: Financial Revenue 60 % Other (%) 40 (retail) H (M) L
6. Pretax Return on Sales $\geq 10\%$: Five year data shown average H M (L)
6% pretax net with a 5% loss in 1988
7. Stock Price 35 3/4 P/E 16 Mkt Capitalization \$391 million (H) M L
8. Industry/Service Segment CAGR $\geq 20\%$ Banking 13%, S & L 15% H M (L)
Credit unions 13%, transaction processing 13%
9. NYC/East Coast Geographic Orientation: HQ in LA, customers in H M (L)
all 50 states with concentration in California and Florida
10. International Synergy: NONE H M (L)

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					
B. Payroll Processing					
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					

11. Comments: Solid well established niche player



13/9/2
1164967Telecredit, Inc. - Company Report
SUTRO & CO., INC.
Wilson, J.F.

DATE: 890303

INVESTEXT(tm) REPORT NUMBER: 911740, PAGE 1 OF 9

This is a(n) COMPANY report.

SECTION HEADINGS:

Summary And Recommendation

Company Background

TABLE HEADINGS:

Stock Price Data 1987-90

TEXT:

March 3, 1989

DJIA: 2274.29

S&P 400: 336.35

TELECREDIT, INC.

	Fiscal Years Ending April			
	1987	1988A	1989E	1990F
Revenue (Millions)	\$123.9	\$142.7	\$162.2	\$174.6
Earnings Per Share (Loss)	\$0.88	(\$0.65)(*)	\$2.25	\$2.60
Price-Earnings Ratio			13.9x	12.0x
Recent Price:	\$31 1/4	Shares Outstanding: 10.1 Million		
Symbol - Exchange:	TCRD - OTC	Market Value: \$343.8 Million		
52-Week Range:	\$46-26	Float (Estimated): 10.6 Million		
Dividend/Yield:	\$1.00/3.2%	Avg. Daily Volume (3 mos) 136,000 Shares		
Book Value		Per Market Value/Est.		
Share:	\$5.98	1989 Sales: 212%		
LT Debt/Total		Return-on-Equity		
Capital:	None	(Est.): 35%		

(*) After \$25.2 million pretax writedown of discontinued operations. We estimate EPS from ongoing operations of approximately \$1.85.

SUMMARY AND RECOMMENDATION - BUY

We are initiating coverage of Telecredit and recommending purchase of the stock for aggressive accounts. These shares came under selling pressure last June when a one-time writedown of assets produced a net loss for the April 1988 fiscal year, and again in October when management announced that a major credit union service bureau served by Telecredit was considering offering a competitive credit card processing service to its members. The shares are currently trading at about 65% of their 1988 high despite continued strong progress in revenue and operating earnings. As discussed below, we think that TCRD will retain its service contracts with the majority of the credit



unions it now serves. With further revenue growth and the elimination of an important loss activity, we expect a strong earnings performance in fiscal years 1989 and 1990. Market progress for the shares may be impeded until the picture clears with respect to ongoing servicing of its credit union customers, but we regard TCRD as attractive around current levels for long-term growth potential. We see minimal downside risk in the stock from present levels and feel that the stock can again reach \$40 per share with any significant retention of the credit union business.

COMPANY BACKGROUND

Headquartered in Los Angeles, Telecredit was formed in 1961 and is one of the nation's leading independent payment services and authorization companies for checks and credit cards. The company operates processing centers in both Los Angeles and Tampa. As a result of its 1984 acquisition of Light Signatures Inc., Telecredit also offers secure document processing systems that protect users against counterfeiting. The company has historically shown 20% annual earnings growth and its financial position is strong, with no long-term debt outstanding and 55% of total assets in cash and marketable securities.

COMPANY: TELECREDIT , INC.

TICKER SYMBOL: TCRD

INDUSTRY CROSS REFERENCE: DATAPR; ELECTS; FINLNB

SIC CODES: 7374; 3674; 7389; 7321; 7399

SUBJECT DESCRIPTORS: *STOCK TRANSACTIONS AND OWNERSHIP; *STOCK PRICE DATA; *STOCK VALUATION; *EARNINGS PER SHARE ESTIMATES; *SALES/EARNINGS ESTIMATES; *INVESTMENT RECOMMENDATION; *COMPANY DESCRIPTION

PRODUCT DESCRIPTORS: DATA PROCESSING SERVICES; CREDIT CARD SERVICES

? logoff hold



5/12/1
 00005600
 TELECREDIT INCORPORATED
 1901 AVENUE OF THE STARS
 LOS ANGELES CA 90067

Exchange: NMS Ticker: TCRD

SIC Code: 7389 (BUSINESS SERVICES, N.E.C.)
 Number of Companies in Industry: 27
 This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q4 (04/89)	33.2	6.0	.54	.25	10,843
89Q3 (01/89)	46.7	7.6	.69	.25	10,843
89Q2 (10/88)	36.4	5.6	.51	.07	10,815
89Q1 (07/88)	35.3	5.7	.52	.07	10,733
88Q4 (04/88)	35.4	-17.9	-1.62	.07	10,567
88Q3 (01/88)	42.1	4.9	.45	.06	10,567
88Q2 (10/87)	33.1	3.2	.29	.06	10,567
88Q1 (07/87)	32.1	2.8	.26	.06	10,492
87Q4 (04/87)	31.2	2.6	.24	.09	10,408
87Q3 (01/87)	34.2	3.5	.32	.06	10,338
87Q2 (10/86)	29.0	2.1	.19	.05	10,338
87Q1 (07/86)	26.9	1.4	.13	.04	10,338
86Q4 (04/86)	26.6	1.4	.14	.05	10,200
86Q3 (01/86)	29.8	2.2	.22	.04	10,200
86Q2 (10/85)	23.2	.8	.08	.04	10,190
86Q1 (07/85)	22.7	.9	.09	.04	10,180



U.S. Mother Company Evaluation Template

Name: SEI CORPORATION Phone: (215) 254-1000
 Address: 680 E. Swedesford Road, Wayne, PA 19087
 Key Managers: Alfred P. West, Chairman, President & CEO
Carmen V. Rome, Exec. V.P. & CFO
D. Bruce Peterson, Exec. V.P., Info. Svcs.

Evaluation

1. 1988 Revenue: \$132 million H (M) L
2. Services Content: Processing 43% % Syst. Ops. %
Balance in financial fund management and consulting. H M (L)
3. Stability: 5 year CAGR 9 % Age 20 years
Stable but not exciting. H (M) L
4. Management Strength: Founder is still Pres./CEO. All top
management in industry for many years. (H) M L
5. Industry Orientation: Financial Revenue 100 % Other (%)
(H) M L
6. Pretax Return on Sales \geq 10%: 12-15% recently. Previous years
lowered by write-offs of acquisitions. H (M) L
7. Stock Price 18 P/E 26 Mkt Capitalization \$265m H M (L)
8. Industry/Service Segment CAGR \geq 20% 15%, but steady and
critical - not cyclical. H (M) L
9. NYC/East Coast Geographic Orientation: HQ near Philadelphia. (H) M L
10. International Synergy: H (M) L

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					X
B. Payroll Processing					
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					

11. Comments: Other portions of services include financial services (fund mgmt.)
and consulting services for benefits plans. Company would probably not agree
to a split of businesses.



? t s15/9/2

15/9/2

1146671

SEI Corporation - Company Report

MARKET GUIDE INC.

Zafra, S.

DATE: 890525

INVESTEXT(tm) REPORT NUMBER: 627714, PAGE 1 OF 2

This is a(n) COMPANY report.

SECTION HEADINGS:

Summary

Company Products

Equity and Debt Distribution

Corporate Office

Market Makers

TABLE HEADINGS:

Table: Stock Price Data

TEXT:

SEI Corporation

NASDAQ Symbol SEIC

PRICE	SHARE EARN. (LOSS)	P/E	APPROX. BID	MONTHLY
16 3/8 BID	LAST 12 MOS.	RATIO	RANGE 12 MOS.	VOL. EST.
16 5/8 ASK	\$1.05	16	21 1/2H, 15 1/2L	720000

FOLLOWING DATA FOR FISCAL DEC, 1988.

REVENUE	EARNINGS (LOSS)	EQUITY	AVG SHARES THEN	CURRENT FLOAT
PER SHARE	PER SHARE	PER SHARE	OUTSTANDING	(APPROXIMATE)
\$ 10.44	\$1.04	\$3.78	12633000	5600000

NM - NOT MEANINGFUL

N/A - NOT APPLICABLE

NA - NOT AVAILABLE

SUMMARY:

SEI is engaged in providing trust accounting automation services, software processing, investment accounting and related products, and evaluation services as they relate to pension funds. Revenues for the three months ended 3/89 fell 2% to \$32.8 mil. Net income decreased 3% to \$3.2 mil. Results were negatively impacted from decreases in the Information and Evaluation Services segments and increased interest expense.

COMPANY PRODUCTS:

DATA PROCESSING SERVICES; FINANCIAL SERVICES



INFORMATION SERVICES; CONSULTING SERVICES; BUSINESS SERVICES

EQUITY AND DEBT DISTRIBUTION:

Common Stock \$.01 Par, 3/89, 20 mil auth., 10,939,737 outstanding net of shares in Treas. @ \$18.9M. Insiders control approx. 37%, Ariel Management owns approximately 12%. Public Offering 3/81, 700K shares @ \$17 by Lufkin, Jenrette Securities Corp. The Company reports no long or short term debt. 6/87, 2-for-1 stock split.

CORPORATE OFFICE:

680 E. Swedesford Road, Wayne, PA USA (215) 254-1000
OFFICERS: Alfred West, Pres./CEO, Carmen Romeo, Exec. VP/
CFO, Robert Neshier, Exec. VP, D. Bruce Peterson, Exec. VP,
Donald Putnam, Exec. VP, David Robb, Exec. VP, William Doran
Secy. TRANSFER AGENT: The First National Bank of Boston.
Incorporated in PA. Inquiries: Carmen Romeo, Exec. VP/CFO.

MARKET MAKERS:

ALEX BROWN & SONS, Baltimore, MD
DEAN, WITTER, REYNOLDS, New York, NY
HERZOG, HEINE, GEDULD, New York, NY
PITFIELD, MACKAY, New York, NY
MERRILL LYNCH, New York, NY
SHEARSON/AMEX, New York, NY
WHEAT, FIRST SEC., Richmond, VA
SHERWOOD SECURITIES, Denver, CO
JEFFERIES & CO., Los Angeles, CA
HAMBRECHT & QUIST, New York, NY
INTERSTATE SECURITIES, Charlotte, NC

COMPANY: SEI CORPORATION

TICKER SYMBOL: SEIC

INDUSTRY CROSS REFERENCE: DATAPR; MISSVC; COMPUT; PRTPUB; FINLNB

SIC CODES: 7379; 7374; 7389; 7372; 8931

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *EARNINGS PER SHARE ESTIMATES;
*STOCK TRANSACTIONS AND OWNERSHIP; *MANAGEMENT
PRODUCT DESCRIPTORS: DATA PROCESSING SERVICES; FINANCIAL SERVICES;
INFORMATION SERVICES; CONSULTING SERVICES; BUSINESS SERVICES



6/12/1
 00012331
 SEI CORPORATION
 680 E. SWEDESFORD RD.
 WAYNE PA 19087

Exchange: NMS Ticker: SEIC

SIC Code: 7374 (COMPUTER PROCESSING & DATA PREPARATION SERVICES)

Number of Companies in Industry: 30

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	36.3	3.0	.26	.00	11,328
89Q1 (03/89)	32.8	3.2	.27	.05	11,713
88Q4 (12/88)	33.1	3.1	.25	.00	11,713
88Q3 (09/88)	33.2	3.2	.25	.05	11,713
88Q2 (06/88)	32.3	3.6	.28	.00	11,713
88Q1 (03/88)	33.3	3.3	.26	.00	11,713
87Q4 (12/87)	32.6	2.9	.23	.00	11,856
87Q3 (09/87)	29.9	2.7	.21	.00	11,726
87Q2 (06/87)	30.4	2.2	.17	.00	11,714
87Q1 (03/87)	29.9	1.7	.14	.00	11,800
86Q4 (12/86)	31.9	.9	.08	.00	11,800
86Q3 (09/86)	27.6	-10.2	-.87	.00	11,764
86Q2 (06/86)	30.4	.9	.08	.00	11,720
86Q1 (03/86)	28.7	1.2	.10	.00	11,480
85Q4 (12/85)	26.9	1.1	.09	.00	11,480
85Q3 (09/85)	26.9	1.0	.09	.00	11,446



U.S. Mother Company Evaluation Template

Name: SunGard Data Systems, Inc. Phone: (215) 341-8700

Address: 1285 Drummers Lane, Wayne, PA 19087

Key Managers: James L. Mann - President, Chairman, CEO
Phillip V. Manning - CEO - SunGard Shareholder Systems
Kenneth R. Adams - CEO - SunGard Recovery Services

Evaluation

- 1988 Revenue: \$122 million (H) M L
- Services Content: Processing 30 % Syst. Ops. 0 %
 40% disaster recovery, 20% applications software,
 10% professional services H M (L)
- Stability: 5 year CAGR 18 % Age 13 years significant
 growth in past 2-1/2 - 3 years (50% from acquisitions) (H) M L
- Management Strength: Strong focus on complimenting
business segments; significant acquisition experience (H) M L
- Industry Orientation: Financial Revenue 70 % Other (%) 30 (H) M L
- Pretax Return on Sales \geq 10%: 15% (H) M L
- Stock Price 18-7/8 P/E 17 Mkt Capitalization \$205 million (H) M L
- Industry/Service Segment CAGR \geq 20% transaction processing
13%, disaster recovery 25% H (M) L
- NYC/East Coast Geographic Orientation: Philadelphia (H) M L
- International Synergy: NONE H M (L)

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					
B. Payroll Processing					
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					

11. Comments: If Thorn Software is interested in the disaster recovery market, then SunGard becomes a very interesting candidate.



COMPANY PROFILE

SUNGARD DATA SYSTEMS INC.

1285 Drummers Lane
Wayne, PA 19087
(215) 341-8700

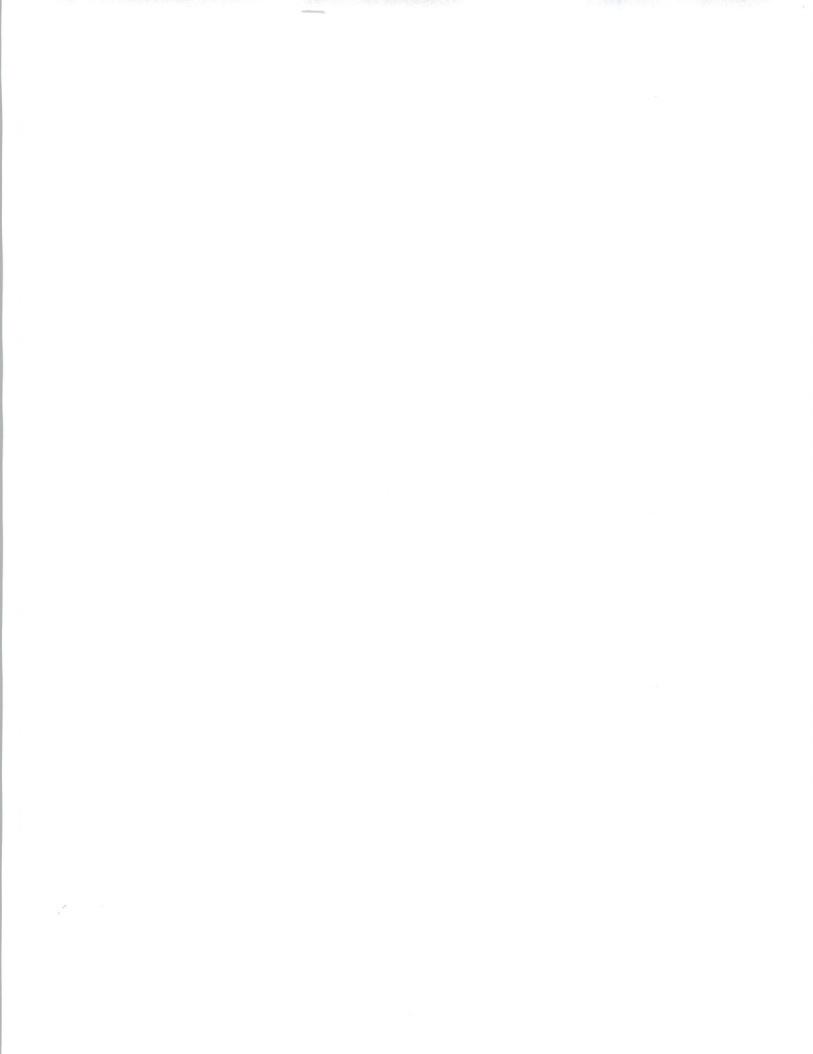
James L. Mann, President and CEO
Public Corporation, OTC
Total Employees: 800
Total Revenue, Fiscal Year End
12/31/88: \$121,956,000

The Company

SunGard Data Systems Inc. provides disaster recovery services, primarily to users of IBM, Tandem, DEC and compatible mainframes. The company also provides remote processing services and disaster recovery consulting; and develops, markets, and supports proprietary application software systems for the financial services industry, including shareholder accounting, employee benefit reporting, portfolio management and accounting, trust accounting, and futures and options accounting.

- SunGard was formed from a group of Sun Company, Inc. information processing subsidiaries known as Sun Information Services (SIS). These Sun businesses were sold to certain SIS management personnel and a group of venture capitalists on January 10, 1983.
- SunGard operated as a private company (SunData Corporation) from its founding in 1976 through 1985. In March 1986 the company made an initial public offering of 2,668,000 shares of common stock. Of the shares offered, one million shares were sold by the company and 1.7 million shares were sold by shareholders. Net proceeds to the company of \$10 million were used to repay debt and for general corporate purposes, including working capital and expansion.
- On March 10, 1986, the name of the company was changed from SunData Corporation to SunGard Data Systems Inc.

SunGard's 1988 revenue reached \$122 million, a 34% increase over revenue of \$91.1 million for 1987. Net income increased 37% to \$11.2 million, compared with \$8.2 million in 1987. A five-year financial summary follows:



**SUNGARD DATA SYSTEMS INC.
FIVE-YEAR FINANCIAL SUMMARY
(\$ thousands, except per-share data)**

ITEM	FISCAL YEAR				
	1988	1987	1986	1985	1984
Revenue	\$121,956	\$91,118	\$69,053	\$58,586	\$52,768\$
• Percent increase from previous year	34%	32%	18%	(a) 11%	(a) 14%
Income (loss) before taxes and extraordinary item	18,473	\$13,876	\$10,436	\$6,570	\$3,397
• Percent increase from previous year	33%	33%	59%	93%	491%
Net income (loss)	11,224	\$8,215	\$5,490	\$3,812	\$2,787
• Percent increase from previous year	37%	50%	44%	37%	441%
Earnings (loss) per share	\$1.04	\$0.81	\$0.64	\$0.51	\$(0.19)
• Percent increase from previous year	28%	27%	25%	38%	295%

(a) Includes revenue from service lines sold during 1985.

Total revenue increased \$30.8 million from 1987 to 1988. Of that increase, \$19.6 million or 64% of the increase was new revenue from acquired businesses.

- Revenue from disaster recovery and related services increased \$15.7 million from 1987 to 1988. Of that increase, \$7.9 million was derived from acquired businesses. The remaining \$7.8 million increase in revenue was due primarily to increases in contracts, additional services sold to existing customers, and to a lesser extent, price increases.
- Revenue from investment management systems increased \$15.2 million from 1987 to 1988. Of that increase, \$11.8 million was derived from acquired businesses. The remaining \$3.4 million increase in revenue was due primarily to increased volumes for existing processing customers, offset by a decline in software license revenue from investment and shareholder systems.

Costs and expenses as a percent of revenue have remained relatively stable for SunGard over the past three years. A chart of costs and expenses as a percentage of revenue for the past three years follows:



**SUNGARD DATA SYSTEMS INC.
THREE-YEAR COSTS AND EXPENSES
(expressed as a percentage of revenue)**

ITEM	FISCAL YEAR		
	1988	1987	1986
• Cost of sales and direct operating	54%	56%	55%
• Sales, marketing, and administration	21%	21%	21%
• Product development	2%	2%	4%
• Depreciation and amortization	8%	6%	5%
TOTAL	85%	85%	85%

SunGard's strategy of entering new markets and expansion through acquisition has remained evident into 1989.

- SunGard has recently announced a proposed merger with Dyatron Corp. Dyatron Corp., a Birmingham (AL)-based financial software firm, has projected 1989 revenue of \$50 million.
- SunGard has announced that it plans to complete the acquisition of Money Management Systems, Inc. late in the second quarter of 1989. Money Management Systems, Inc. provides MONEY MARKET II™, a fixed-income securities trading and accounting system for banks and broker/dealers.
- In February 1989, SunGard issued approximately 250,000 shares of its common stock in a pooling-of-interests with Disaster Control, Inc., a Pennsylvania-based provider of disaster recovery services to users of Unisys Corporation's Burroughs mainframe computers.
- In June 1988, SunGard acquired EDP Security, Inc. based in Littleton (MA). EDP specializes in recovery planning for PC and minicomputer-based relational data bases. EDP employs 30 people and has over 1,600 clients worldwide.
- In December 1987, the company acquired Minneapolis-based Eloigne Corporation, a provider of disaster recovery services with a customer base of 50.
- In December 1987, SunGard made its biggest acquisition to



date with its purchase of Devon Systems International, Inc. for \$20 million plus future contingent payments. Devon Systems provides software to large domestic and international banks for trading currency and interest rate options, futures, and swaps. SunGard estimates the potential market for these products at some 1,500 institutional trading rooms worldwide.

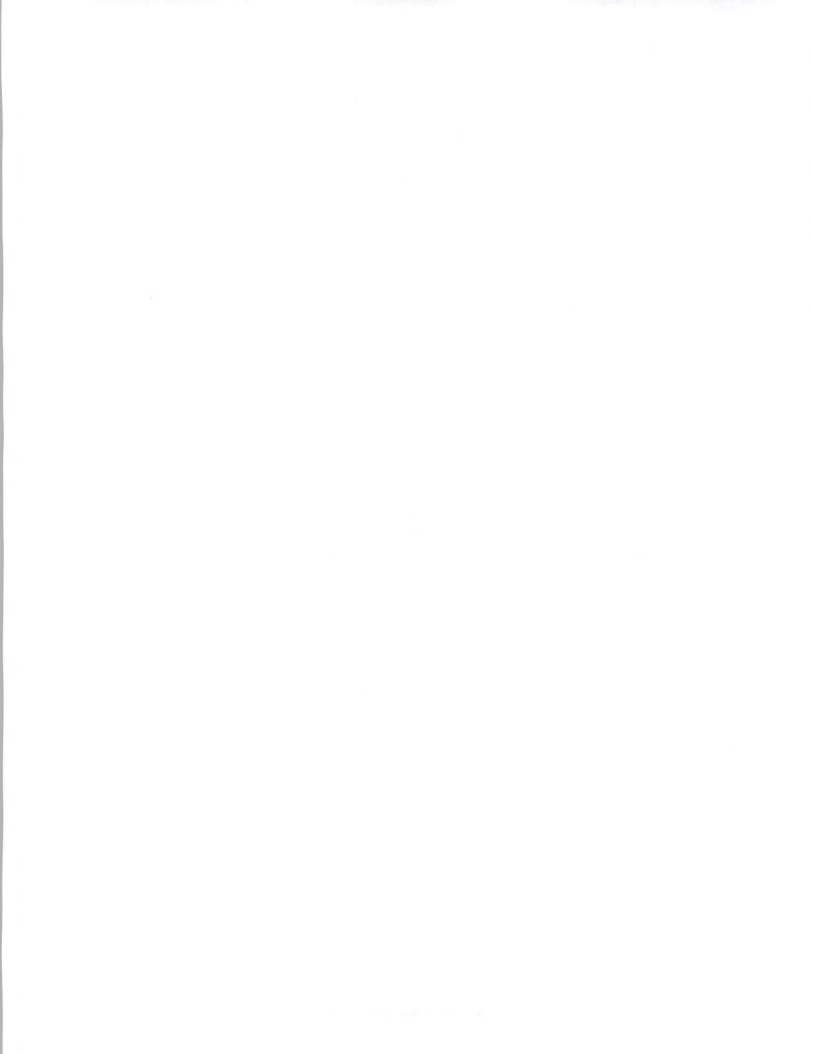
- Also in December 1987, SunGard purchased Uni-Coll Corporation, a Philadelphia computer service bureau, to add to SunGard's remote processing services.
- In June 1987, SunGard acquired Devlin Associates, a nationally recognized disaster planning firm. SunGard immediately merged HSH National and Devlin into one operating subsidiary called Harris Devlin Associates, Inc.

Early in 1989 SunGard entered into an agreement with STM Systems Corporation, a major Canadian computer services firm, to provide alternate site disaster recovery services in Canada.

SunGard is currently organized into nine operating groups as follows:

Disaster Recovery and Related Services:

- SunGard Recovery Services of Wayne (PA) offers disaster backup and recovery services for large-scale computer centers. The current CEO is Richard B. Aldridge.
- Harris Devlin Associates, Inc., located in Dublin (OH), is a provider of consulting and education for disaster planning.
- SunGard Computer Services, which shares office space with SunGard Recovery Services, is a provider of remote access IBM processing services for software developers. The current president is Michael K. Muratore.
- SunGard Central Computer Facility, located in Philadelphia, is a provider of remote processing services for customers of SunGard Computer Services, SunGard Shareholder Systems, and SunGard Investment Systems.
- EDP Security, Inc., based in Littleton (MA), offers a PC software product for disaster recovery planning.
- Disaster Control, Inc. is a supplier of disaster recovery services for Unisys Corporation's Burroughs mainframe computers.



Investment Management Systems:

- SunGard Shareholder Systems Inc., located in San Mateo (CA), is a developer and processor of shareholder accounting systems for mutual funds, banks, and corporations. The current CEO is Dr. Phillip V. Manning.
- SunGard Investment Systems Inc., located in Hinsdale (IL), is a developer and processor of investment accounting systems for pension and benefit plans. The current president is Phillip L. Dowd.
- Wismer Associates, Inc., located in Canoga Park (CA), provides on-line portfolio management services for savings and loan associations, corporations, and governments. The current president is Dr. David A. Wismer.
- SunGard Trust Systems Inc., located in Charlotte (NC), is a provider of trust accounting and related services to banks. The current president is Robert F. Clarke.
- Devon Systems International, Inc., located in New York (NY), is a provider of integrated trading and accounting systems for derivative instruments to international money center banks. The current president is Gregory S. Bentley.

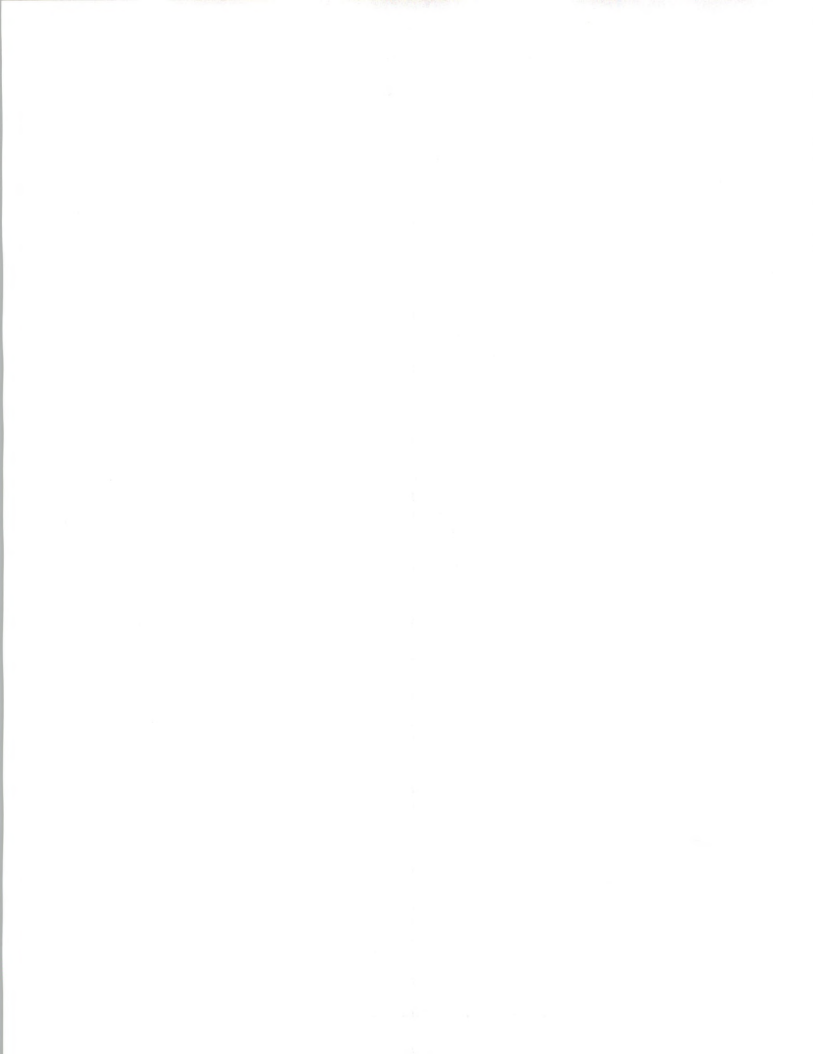
SunGard employs a total of 800 people.

SunGard's main competitor in the disaster recovery area is Comdisco. The company also competes with numerous regional disaster recovery centers, but says these companies cannot compete on a national level and does not consider them a threat.

- IBM recently made an entry into the disaster recovery market, but neither industry analysts nor SunGard management see this as a threat.

Key Products and Services

A three-year summary of source of revenue, as provided by SunGard Data, follows:



**SUNGARD DATA SYSTEMS INC.
THREE-YEAR SOURCE OF REVENUE SUMMARY
(\$ millions)**

ITEM	FISCAL YEAR					
	1988		1987		1986	
	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL	REVENUE \$	PERCENT OF TOTAL
Disaster recovery and related services	\$61.0	50%	\$44.6	49%	\$34.5	50%
Financial processing services and software	\$61.0	50%	46.5	51%	34.5	50%
Total	\$122.0	100%	\$91.1	100%	\$69.1 (a)	100%

(a) difference in total due to rounding

Revenue from disaster recovery and related services increased by 27% in 1988 and 31% in 1987 due to acquired businesses, net increases in contracts, additional services sold to existing customers, and, to a lesser extent, price increases. Acquired businesses accounted for 50% of the disaster recovery growth in 1988, and 12% in 1987.

Revenue from investment management systems increased by 24% in 1988 and 33% in 1987. Acquired businesses accounted for 78% of the growth in 1988 and 18% in 1987. The increase in revenue for investment management systems is primarily attributable to acquired businesses. Additional increase in revenue was derived from increased volumes for existing processing customers.

Descriptions of SunGard's products and services separated by operating group are as follows:

Disaster Recovery and Related Services:

- SunGard Recovery Services
 - In 1987 SunGard claimed to have a 57% market share of disaster recovery services in the IBM 30XX market and only a 4% market share of the IBM 43XX market, whereas Comdisco, its main competitor, had a 37% and 58% share in the respective markets. The average annual fees derived from a disaster recovery contract for the 30XX and the 43XX processors are \$75,000 and \$24,000, respectively.



- The company currently has approximately 800 contracts serving over 300 customers located in 35 states and Canada.
- The average contract for SunGard generates \$80,000 annually and increases at a rate of approximately 10% per year to accommodate client growth. Contracts are generally long-term (1 to 5 years). Eighty-five percent of the contracts are renewed.
- SunGard operates six data centers in Philadelphia, Chicago, and San Diego.
- In the event of a disaster, SunGard charges the customer a "notification fee" of between \$25,000 and \$50,000 to configure a system similar or identical to that of the customer and begin use of the data processing center; the customer is also charged on the basis of computer usage. The customer has available use of a "hot site" with a processor configuration similar or identical to his own. Should the customer require an extended stay (over six weeks), a "cold site" is available where computers may easily be installed and used by the customer.
- Customers may access SunGard's processors for testing their backup procedures and for actual processing in the event of a disaster via System Network Access Points (SNAP), telecommunications centers strategically placed throughout the U.S.
- In December 1986, SunGard had its first customer disaster. Putnam Companies had a fire in their data processing center and requested SunGard's aid. The backup and recovery was successful and received favorable press in a number of publications. In 1987, four more of SunGard's customers suffered from disasters. To date SunGard has successfully aided in six disaster recoveries.
- In 1983 the Comptroller of Currency mandated that national and large commercial banks should maintain a feasible recovery plan in the event of a disaster, which led to an increase in contracts in the banking industry. Other clients include many of the largest Fortune 500 and Fortune 500 service companies.
- Harris Devlin Associates, Inc.
 - Harris Devlin consults clients in maintaining a current and viable disaster recovery plan as well as updating customer



disaster recovery plans when improvements to disaster recovery methodology become known.

- SunGard Computer Services.
 - This operating group is responsible for leasing excess computer time at SunGard's six data centers to software developers, and for providing list enhancement services.
- SunGard Central Computer Facility.
 - This group is responsible for specialized remote processing problems for customers of SunGard Computer Services, SunGard Shareholder Systems, and SunGard Investment Systems.
- EDP Security, Inc.
 - EDP Security, Inc. offers the DP/80 software product which guides users through risk analysis and aids them in developing a custom disaster recovery plan. Implementation and training is included with the package, and consulting is available to aid customers who have unique problems.
- Disaster Control, Inc.
 - Disaster Control, Inc. claims to be the largest supplier of disaster recovery services for Unisys Corporation's Burroughs mainframe computers.

Investment Management Systems:

- SunGard Shareholder Systems Inc.
 - Formerly Applied Financial Systems, SunGard Shareholder Systems offers two main products for shareholder accounting. Both products are available for in-house installation, or may be accessed through SunGard's remote data centers.
 - INVESTARTM is a shareholder accounting system that supports the following funds: money market funds, tax free funds, equity or bond funds, series type funds, institutional funds with 12B-1 features, unit investment funds, and closed-end funds. Some of the important features of INVESTAR include: automated Letter of Intent and Rights of Accumulation accounting; on-line inquiry for response to shareholder questions; prospect



tracking and customer retention analysis; daily and periodic management reporting; performance statistics regarding transaction processing; interface to debit/credit card networks and services; year-end tax reporting; real-time inquiry reporting on all customer account information; periodic processing of fund-triggered activities; and interfaces to automated clearing houses, Fed Wire and Bank Wire, and automated teller machines. INVESTAR runs on IBM 434X, 303X, 308X, and compatible mainframes under MVS using IMS DB/DC and COBOL.

- SUNSTAR™ is an on-line shareholder accounting system that performs reporting and recordkeeping functions for stock and bond issues based on a common investor data base. SUNSTAR runs on IBM 434X, 303X, 308X, and compatible mainframes under MVS using IMS DB/DC and COBOL.
- SunGard Investment Systems Inc.
 - The Employee Benefit Reporting System (EMBERS®) is a family of individual systems that shares a common data base and file-building technique. When licensed as a software package, the EMBERS family sells for approximately \$150,000. There are currently 20 installations. Components of EMBERS are:
 - EMBERS/FSR (Financial Statement Reporting) produces accounting and investment performance reports, including consolidated reports for master trusts.
 - EMBERS/PAR (Plan Allocation Reporting) provides plan allocation schedules for items such as trade dating, income accrual, and multiple fund/plan relationships.
 - EMBERS/CFR (Collective Fund Reporting) is a support system that will maintain collective fund portfolios and provide unit valuations.
 - EMBERS/IPM (Investment Performance Measurement) is a comprehensive performance measurement system that includes trade date performance and income accruals for trust portfolios.
 - EMBERS/INC (Income Review and Reconciliation) provides distribution of interest and dividend income to trust clients. It computes asset positions of record and



amount of income expected, then matches them against income posted, providing an audit trail for further research if needed.

- FUND ONE[®] is an on-line portfolio accounting system that tracks investment transactions for bank commingled funds, such as sales and purchases of investments, commission payments, and dividend, interest, and capital gain distributions. FUND ONE licenses for approximately \$100,000 and runs on IBM and compatible mainframes under OS/MFT, OS/MVT, OS/VS1 and DOS/VS, SVS, MVS, or VM and uses CICS as the teleprocessing monitor. FUND ONE has 25 installations to date. FUND ONE is also available as a remote processing service.
- PERF 4[™] is a fourth-generation performance measurement system that measures the rate of return achieved by an investment manager and other pertinent investment performance information. PERF 4 licenses for about \$120,000 and has 20 in-house installations. PERF 4 runs on IBM 43XX series mainframes and targets the IBM PC for downloading of data.
- PLAN ONE is an employee benefit participant accounting system that will track the individual employees' accounts in any defined contribution plan. PLAN ONE licenses for \$350,000 and runs on IBM and compatible mainframes. There are currently six installations of PLAN ONE.
- MUTUAL FUND ONE is an on-line, real-time mutual fund portfolio accounting system with integrated general ledger functions. MUTUAL FUND ONE is available as a remote processing service or as an in-house software package. The package runs on IBM 30XX, 4300 series and compatible processors under MVS, VM, XA, and uses CICS as the teleprocessing monitor. The remote service is designed to communicate with IBM 3270 or equivalent terminals. The software package licenses for \$200,000. There are currently 12 installations.
- Wismer Associates, Inc.
 - SERIES 2[™] is a portfolio management processing service designed for financial institutions.
 - MONEYMAX[®] is a portfolio management processing service designed for the public sector.



- SunGard Trust Systems Inc.
 - AUTO-TRUST/AT, is a remote batch personal trust accounting system. The service is accessed via IBM terminals installed at trust departments. Features of AUTO-TRUST include: complete common trust fund accounting, pricing for all listed stocks and corporate and municipal bonds, automatic posting of security purchases to suspend accounts for payment versus delivery, collateral requirements reporting, complete tax lot accounting, federal and state tax ledgers, regulatory reports for FDIC and the Comptroller of Currency, and money market fund investments.
 - Autofax/PR, is a processing service that provides accounting and participant record-keeping functions for the following types of employee benefit plans: profit sharing, money purchase pension, HR10 (single or master), ESOPS, TRASOPS, multiple investment, integrated plans, and thrift plans.
 - AutoTrans is a remote batch-processing service that provides control of shareholder/bondholder recordkeeping. A full listing of shareholders/bondholders, including certificate numbers and number of shares or face value held, can be maintained. As transfers take place, old certificates are cancelled and new certificates issued.
 - AutoPay is a remote batch service that provides trust departments with complete production capability for periodic and nonperiodic payments from savings plans, pension or profit sharing plans, and annuities. Included in the system are up to eight withholding elections, choice of remittance types, complete file maintenance capability, and alternate addresses, as well as a variety of payment options.
 - AutoSave is an IRA, CD, and savings record keeping and reporting system designed for IBM Series 36 computers.
 - Microtrust is a PC-based, on-line, real-time, menu-driven software package for trust accounting. Features of the system include applications for administrative functions, investment, and tax accounting. Microtrust software is priced at \$6,000.
 - MicroTrans is a software package for stock and bond recordkeeping and transfer applications.



- Autofax/MPR is a standalone participant reporting system for employee benefits administration.
- Devon Systems International, Inc.
 - EMS Base Module is the system core of the Exposure Management System. It incorporates processing capabilities for exchange-traded options and futures, a report writer, and a daily general ledger.
 - EMS/OPT is an options pricing toolkit providing multiple analysis models to manage exposure in the currency and commodities options markets. EMS/OPT also has the ability to access historical price and volatility data bases to be used directly in the analysis.
 - EMS/IRP, or Interest Rate Protection Tools, provides pricing and management analysis support for managing exposures to money market rates.
 - EMS/FxP, or Foreign Exchange Trading Supplement, particularizes EMS to foreign exchange business by providing multi-currency capabilities and pricing, and back-office and accounting support specific to the foreign exchange market. EMS/FxP allows general ledger entries to be passed for interbank trades on either a single, dual or multi-currency basis, and maintains a comprehensive library of credit line formulas. EMS/FxP produces confirmations of trades using user-defined texts in English, German or French.
 - EMS/UA, or the User Authorization Module, provides an audit trail of transactions processed and allows managers to limit access to the system.
 - EMS/DF, or the Hedge Accounting Module, allows EMS to maintain records of deferred gains and losses, and to evaluate the effectiveness of hedges through a summary comparison.
 - EMS/FCM, or the Brokerage Module, supports the back-office, customer reporting and accounting processing requirements of brokerage activities. EMS features same-day generation of confirmations and statements, as well as real-time "equity watch" functions which monitor the client's position, margin and equity standing. Clients wishing to be placed on "explicit only" liquidation status can be designated as such.



- The EMS system runs on the following processors: IBM 43XX, 308X, 303X under VM/CMS or MVS/TSO, MicroVAX 3XXX or larger under VMS, IBM PS/2 Model 80-111 with Quarterdeck QEMM/386, and Compaq 386/20.

Industry Markets

Approximately 70% of SunGard's 1988 revenue was derived from the banking and finance industry. The remainder of revenue comes from clients in insurance, manufacturing, distribution, and utilities.

Geographic Markets

INPUT estimates that approximately 95% of SunGard's 1988 revenue was derived from the U.S. and 5% from Canada.

SunGard divisions and subsidiaries are located as follows:

- | | |
|-------------------------------------|------------------|
| • SunGard Recovery Services | Wayne, PA |
| • Harris Devlin Associates, Inc. | Dublin, OH |
| • Disaster Control, Inc. | PA |
| • EDP Security, Inc. | Littleton, MA |
| • SunGard Computer Services | Wayne, PA |
| • SunGard Central Computer Facility | Philadelphia, PA |
| • SunGard Investment Systems Inc. | Hinsdale, IL |
| • SunGard Shareholder Systems Inc. | San Mateo, CA |
| • SunGard Trust Systems Inc. | Charlotte, NC |
| • Devon Systems International, Inc. | New York, NY |
| • Wismer Associates, Inc. | Canoga Park, CA |

Computer Hardware and Software

SunGard currently operates data centers in Philadelphia, Chicago, and San Diego, consisting of six hot sites and five cold sites, as follows:

- Philadelphia has three hot sites and two cold sites operating on the following processors:



- 1 DEC VAX 8800
 - 1 Tandem PXP
 - 1 IBM 3090 400 E
 - 1 IBM 3081 GX
 - 1 IBM 3090 200 E
-
- Chicago has two hot sites and two cold sites operating on the following processors:
 - 1 Tandem VLX
 - 1 IBM 3090 200 E
 - 1 IBM 3081 G
 - 1 IBM 3090 400 E
-
- San Diego has one hot site and one cold site operating on the following processors:
 - 1 IBM 3081 K
 - 1 IBM 3090 200 E



8/3/86

1723741

SunGard Data Systems, Inc. - Company Report
Carpenter, C.D.

DATE: 890628

INVESTEXT(tm) REPORT NUMBER: 921230, PAGE 2 OF 8

This is a(n) COMPANY report.

SECTION HEADINGS:

Investment Theme

TEXT:

INVESTMENT THEME

SunGard should be able to maintain its strong competitive position in the disaster-recovery service market and participate in the rapid growth of the market over the next five years. We do not see any reason to believe that IBM will slow SunGard's growth. We expect the valuation on the stock to recovery to approximately a 15-10 P/E as it becomes clear that SunGard is on track to meet its growth objective of 20% per year.

We think SunGard Data Systems stock is a buy now because it is selling at a 17% discount in P/E to comparable computer-services stocks (13.4 times for SunGard versus 16.4 times for the group) due to concerns about competition from IBM in disaster-recovery services. We think it is likely that the P/E on the stock will move back up to parity with comparable stocks once concerns about competitive pressure from IBM ease. We believe SunGard's revenues and earnings growth is (and will continue to be) unaffected by IBM's entry into the disaster-recovery services market. We have raised our EPS estimates for FY 1989 and FY 1990 to \$1.25 and \$1.50, respectively, because we now expect SunGard to continue to grow at least 20% per year.

While IBM's entry into the disaster-recovery service market will likely allow IBM to capture some business, its perceived impact on SunGard is overstated in our opinion. SunGard only generates 38%, or \$60 million, of its \$157 million in projected 1989 revenues from disaster-recovery service contracts (1). The majority of SunGard's revenues and earnings comes from investment-management software products and data-processing services, as well as disaster-recovery consulting services and software products, which are not affected by the new IBM recovery service.

- (1) SunGard also generates \$11.2 million from computer services that are included in the Disaster Recovery Services Division, but these revenues are not derived from the disaster-recovery market; SunGard sells the idle computer capacity in its recovery centers at night to data-processing clients.

More importantly, our research indicates that IBM is 12 to 24 months away from having a credible service offering. We think SunGard has a window of opportunity over this time frame to expand its market share and recovery-service capacity, such that it will be too strong a



competitor for IBM to dislodge. We estimate the demand for disaster-recovery services to grow 25% per year over the next five years from \$250 million to \$1.0 billion in annual revenues. We think SunGard is well positioned to participate in the rapid growth of this market.

While IBM announced in April that it is entering the disaster-recovery service market, it is still beta testing its service in Tampa, Florida. To our knowledge, IBM has not signed any contracts with customers. IBM has not distributed any printed material describing its services or its prices. IBM has one recovery center in Tampa with a 3090-600 mainframe and intends to open a second center in Franklin Lakes, New Jersey, in fall 1989. Customers with whom we have spoken have not heard many details of IBM's proposed service. However, we have learned that quoted prices for the IBM service run 33% to 250% higher than SunGard's. A number of existing SunGard customers say that, due to the time, effort, and expense of establishing backup telecommunications links to a recovery center, they would not change vendors unless there were at least a 30% discount in price. If so, we think that IBM's proposed pricing is sufficiently high that it does not pose a significant threat to the existing customer base of SunGard.

COMPANY: SUNGARD DATA SYSTEMS, INC.

TICKER SYMBOL: SNDT

INDUSTRY CROSS REFERENCE: DATAPR; COMPUT

SIC CODES: 7372; 7373; 3674; 3679

SUBJECT DESCRIPTORS: *STOCK VALUATION; *INVESTMENT RECOMMENDATION;

*EARNINGS PER SHARE ESTIMATES; *COMPETITION; *SALES/EARNINGS ESTIMATES

PRODUCT DESCRIPTORS: COMPUTER SERVICES; SOFTWARE; DATA PROCESSING SERVICES



00017604
 SLUGARD DATA SYSTS INC
 1235 DRUMMERS LANE 2 GLENHARDIE CP. CTR
 WAYNE PA 19087

Exchange: NMS Ticker: SNDT

SIC Code: 7374 (COMPUTER PROCESSING & DATA PREPARATION SERVICES)

Number of Companies in Industry: 30

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	37.9	3.4	.31	.00	10,376
89Q1 (03/89)	35.5	3.0	.27	.00	10,239
88Q4 (12/88)	32.6	3.3	.31	.00	10,239
88Q3 (09/88)	31.1	2.8	.26	.00	10,239
88Q2 (06/88)	29.9	2.7	.25	.00	10,179
88Q1 (03/88)	28.3	2.4	.23	.00	10,120
87Q4 (12/87)	24.9	2.3	.22	.00	10,143
87Q3 (09/87)	22.5	2.1	.20	.00	10,013
87Q2 (06/87)	21.9	2.1	.20	.00	9,746
87Q1 (03/87)	21.8	1.7	.19	.00	9,746
86Q4 (12/86)	20.0	.9	.10	.00	8,546
86Q3 (09/86)	16.9	1.6	.13	.00	8,349
86Q2 (06/86)	16.3	1.6	.18	.00	8,313
86Q1 (03/86)	15.8	1.3	.17	.00	8,313
85Q4 (12/85)	15.2	.8	.11	.00	7,292
85Q3 (09/85)	14.8	1.2	.16	.00	7,292



U.S. Mother Company Evaluation Template

Name: M & I DATA SERVICES, INC. Phone: (414) 357-2300

Address: 770 North Water Street, Milwaukee, WI 53202

Key Managers: Robert L. Seidell, President

Joseph L. Delgadillo, Senior VP

James W. Eyster, Senior VP

Evaluation

1. 1988 Revenue: \$90 million (\$75 million - noncaptive) H M **(L)**
2. Services Content: Processing 80 % Syst. Ops. % **(H)** M L
20% Software
3. Stability: 5 year CAGR % Age years **(H)** M L
Solid reputation
4. Management Strength: Unknown, probably no acq. experience H M **(L)**
5. Industry Orientation: Financial Revenue 100 % Other (%) **(H)** M L
6. Pretax Return on Sales \geq 10%: Unknown (privately held) H M L
7. Stock Price N/A P/E N/A Mkt Capitalization N/A H M L
Subsidiary of Marshall & Ilsley Corporation
8. Industry/Service Segment CAGR \geq 20% 13% H M **(L)**
9. NYC/East Coast Geographic Orientation: HQ in Milwaukee; H M **(L)**
Customers in 33 states around the country
10. International Synergy: **NONE** H M L

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					
B. Payroll Processing					
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					

11. Comments: Captive of regional bank holding company - might not want to sell, but could be a "sleeper".



U.S. Mother Company Evaluation Template

Name: COMDATA HOLDINGS Phone: (615) 385-0400

Address: P.O. Box 15822, Nashville, TN 37215

Key Managers: Bruce K. Anderson, Chairman

George L. McTavish, President & CEO

Evaluation

1. 1988 Revenue: \$111 million H (M) L
2. Services Content: Processing 100 % Syst. Ops. % (H) M L
3. Stability: 5 year CAGR 12 % Age 20 years Recovered from
1986 decline in revenues. H (M) L
4. Management Strength: New management installed in 11/87. H (M) L
5. Industry Orientation: Financial Revenue 0 % Other (%)
75% transportation, 20% gaming. H M (L)
6. Pretax Return on Sales $\geq 10\%$: Lost money in '87 & '88; pre-tax
margins were 26% in '84, '85 & '86. H M (L)
7. Stock Price 8.50 P/E --- Mkt Capitalization \$287m H (M) L
8. Industry/Service Segment CAGR $\geq 20\%$ Transportation services
CAGR = 14%. H M L
9. NYC/East Coast Geographic Orientation: All facilities are in the
mid-west (Nashville, St. Louis, Dallas) H M (L)
10. International Synergy: NONE H M (L)

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					
B. Payroll Processing					
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					

11. Comments: Turnaround effort could be near completion; 90% LBO owner (Welsh,
Carson) may want to sell. Company not in financial services mainstream.



17/9A2
1216382

Comdata Holdings Corp. - Company Report

MARKET GUIDE INC.

Holihan, J.J.

DATE: 890712

INVESTEXT(tm) REPORT NUMBER: 631367, PAGE 1 OF 2

This is a(n) COMPANY report.

SECTION HEADINGS:

Summary
Company Products
Equity and Debt Distribution
Corporate Office
Market Makers

TABLE HEADINGS:

Table: Stock Price Data

TEXT:

Comdata Holdings Corp.

NASDAQ Symbol CMDT

PRICE	SHARE EARN. (LOSS)	P/E	APPROX. BID	MONTHLY
7 1/4 BID	LAST 12 MOS.	RATIO	RANGE 12 MOS.	VOL. EST.
	\$-0.280	NM	7 5/8H, 3 5/8L	160000

FOLLOWING DATA FOR FISCAL DEC, 1988.

REVENUE	EARNINGS (LOSS)	EQUITY	AVG SHARES THEN	CURRENT FLOAT
PER SHARE	PER SHARE	PER SHARE	OUTSTANDING	(APPROXIMATE)
\$3.71	\$-0.290	\$1.47	30021954	17900000

NM - NOT MEANINGFUL

N/A - NOT APPLICABLE

NA - NOT AVAILABLE

SUMMARY:

Comdata Holdings Corp. is engaged in electronic funds transfer. CMDT also provides cash dispensing systems involving Visa or MasterCard in casinos and racetracks. CMDT acquired the Common Stock of Comdata Network in 9/87. For the three months ended 3/89, revenues rose 21% to \$32.1M. Net loss fell 6% to \$1.97M. In 6/89, CMDT announced it had made several acquisitions for a total of \$56M plus payments totaling \$47M (over 6 years) and \$16M in other payments.

COMPANY PRODUCTS:

AUTOMATED TELLER MACHINES; ELECTRONIC FUNDS TRANSFER SYSTEMS



EQUITY AND DEBT DISTRIBUTION:

Common Stock \$.01 Par, 5/89, 60M auth., 33,822,517 issued. Insiders control approx. 2%, 5 others own a total of approx. 45%. Public Offering: NA. Long term debt: \$89M @ 13.5%, \$52.6M @ 14.2%, \$50M @ 13.75%, \$39M @ Prime + 1.5%, \$5.6M @ 10.8% - 12.5%, 2.9M in capital lease obligations. *FY'87 financials are pro forma reflecting the 9/87 acquisition.

CORPORATE OFFICE:

2209 Crestmoor Road, Nashville, TN USA (615) 385-0400
OFFICERS: George L. McTavish, President/CEO, Tarpley B. Jones, Sr. VP/CFO, Sr. VP's: George DeHaven, Clarence L. Coleman, Colleen Boylan, R. Douglas Easters. TRANSFER AGENT: Third National Bank. Company incorporated in DE. Direct inquiries to: Tarpley B. Jones, Sr. VP/CFO.

MARKET MAKERS:

CHAPIN, DAVIS, Baltimore, MD
DREXEL BURNHAM LAMBERT, New York, NY
MERRILL LYNCH, New York, NY
NASH, WEISS, Jersey City, NJ
KAYNE ANDERSON & COMPANY, Los Angeles, CA
TROSTER, SINGER, Jersey City, NJ
SHERWOOD SECURITIES, Denver, CO
DEAN, WITTER, REYNOLDS, New York, NY

COMPANY: COMDATA HOLDINGS CORP.
TICKER SYMBOL: CMDT
INDUSTRY CROSS REFERENCE: ELECTS

SIC CODES: 6099

SUBJECT DESCRIPTORS: *STOCK PRICE DATA; *EARNINGS PER SHARE ESTIMATES;
*STOCK TRANSACTIONS AND OWNERSHIP; *MANAGEMENT
PRODUCT DESCRIPTORS: AUTOMATED TELLER MACHINES; ELECTRONIC FUNDS TRANSFER
SYSTEMS



7/12/1
 00023065
 COMDATA HOLDINGS CP
 2209 CRESTMOOR ROAD
 NASHVILLE TN 37215

Exchange: NMS Ticker: CMDT

SIC Code: 6099 (UNCLASSIFIABLE ESTABLISHMENTS)
 Number of Companies in Industry: 1
 This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	32.7	-1.8	-.07	.00	26,448
89Q1 (03/89)	32.1	-2.0	-.06	.00	26,448
88Q4 (12/88)	28.5	-3.7	-.14	.00	33,780
88Q3 (09/88)	26.8	-1.3	-.05	.00	26,448
88Q2 (06/88)	25.8	-1.9	-.07	.00	26,578
88Q1 (03/88)	24.9	-2.0	-.08	.00	26,578
87Q4 (12/87)	8.1	-1.6	-.06	.00	25,973
87Q3 (09/87)	8.1	-1.5	-.06	.00	25,973
87Q2 (06/87)	8.0	-1.5	-.06	.00	25,973
87Q1 (03/87)	8.0	-1.5	-.06	.00	25,973
86Q4 (12/86)	21.7	3.1	.12	.00	25,973
86Q3 (09/86)	21.7	3.1	.12	.00	25,973
86Q2 (06/86)	21.6	3.0	.12	.00	25,973
86Q1 (03/86)	21.6	3.0	.11	.00	25,973



U.S. Mother Company Evaluation Template

Name: EQUIFAX, INC. Phone: (404) 885-8000
 Address: P.O. Box 4081, Atlanta, GA 30302
 Key Managers: J. V. White, Chairman & CEO
C. B. Rogers, Jr., President & COO

Evaluation

- 1988 Revenue: \$743.0 million (\$400m IS revenues) H (M) L
- Services Content: Processing 93 % Syst. Ops. 0 %
7% Software H M L
- Stability: 5 year CAGR 11 % Age 90 years Steady growth with 87-88 showing lower growth (5%) (H) M L
- Management Strength: Ability to absorb acquisitions (H) M L
- Industry Orientation: Financial Revenue 70 % Other (%) 30 (H) M L
- Pretax Return on Sales \geq 10%: Avg. 8% over last 5 years H (M) L
- Stock Price 34 3/4 P/E 22 Mkt Capitalization \$851m H M (L)
- Industry/Service Segment CAGR \geq 20% banking 13%, S&L 15%, credit union 13%, L&H insurance 11%, P&C insurance 10%, transaction processing 13%. H M (L)
- NYC/East Coast Geographic Orientation: HQ in Atlanta; evenly located all over North America (includes US & Canada) over 60,000 customers. H M (L)
- International Synergy: H M (L)

Capabilities	Government		Fortune 1000	Large Finance Depts	Financial Services Companies
	Civil	DoD			
A. System Operations					
B. Payroll Processing					
C. DSS/EIS Tools					
D. System Integration/ Turnkey Systems					

NONE

11. Comments: Outstanding image and customer relationships - probably could sell off unwanted pieces of the business.



19/9/2
1240359

Equifax, Inc. - Company Report
BEAR STEARNS & COMPANY
Giglio, L.

DATE: 890707
INVESTEXT(tm) REPORT NUMBER: 922799, PAGE 1 OF 3
This is a(n) COMPANY report.

SECTION HEADINGS:

Background
Summary And Investment Conclusion
Key Points

TABLE HEADINGS:

Stock Price Data & Rating 1987-90

TEXT:

Equifax, Inc. (EFX)

Recommendation: BUY

[Part 1 of 3]

Price	\$34.38
52 Week Range	\$30-24
Avg Shares (MM)	24.6
Daily Vol (00)	NA
LT Debt/Capital	19%
Mkt cap'n (\$MM)	\$846
Revenues (FY88)	\$743
Book value/share	\$9.19
Dividend	\$0.84
ROAE (FY88)	15%
Exp'd Rptg Date	7/24
Price/Sales	114%
Price/Book	374%
Yield	2.4%
3 yr EPS Growth	20%

[Part 2 of 3]

E.P.S.	Q1	Q2	Q3	Q4
FY 12/31	3/31	6/30	9/30	12/31
1987	\$0.27	\$0.40	\$0.34	\$0.41
1988	\$0.30	\$0.43	\$0.39	\$0.34
1989E	\$0.35A	\$0.44	\$0.51	\$0.60
1990E	NA	NA	NA	NA

[Part 3 of 3]

E.P.S.	Fiscal Yr.	Prev.	Cal Year
FY 12/31	EPS	P/E	FY Est
			Cal Year
			EPS P/E



1987	\$1.42	24.2		\$1.42	24.2
1988	\$1.46	23.5		\$1.46	23.5
1989E	\$1.90	18.1	\$1.93	\$1.91	18.0
1990E	\$2.28	15.1		NA	NA

[Graphical Material Omitted: Stock Price Data]

CLUE-d for Success

Background

Equifax is a leading provider of information services to the insurance and financial industries.

Summary and Investment Conclusion

We continue to recommend purchase of Equifax shares. We recently hosted a luncheon and conference call for Equifax management, including C.B. (Jack) Rogers, President, and Herbert Phillips, Chief Financial Officer. During the two sessions, we reviewed the progress in improving margins in services to the property and casualty insurance industry, the continued growth in services for life and health insurance, and the continued strength of the credit reporting business.

Key Points:

- * Equifax is in final negotiations with State Farm for its Comprehensive Loss Underwriting Exchange (CLUE) service. Nationwide - the third-largest insurer behind State Farm and Allstate - is testing the service.

- * CLUE may approach breakeven status this year; long-term, Rogers projects a \$25-million CLUE service for Equifax.

- * EFX is being more cautious about extensions of the CLUE service to other insurance segments, particularly the health segment. Nonetheless, management had put these projects on hold while waiting for the personal automobile version of CLUE to prove its viability.

- * Insurance margins have improved dramatically with the staff reductions of last year. Operating margins in recent months have topped 6%.

- * The insurance sector margin improvement, faster than we anticipated, has caused us to raise our second-quarter EPS estimate from \$0.44 to \$0.47. We are maintaining our \$1.90 estimate for the year; that level is now very obtainable and might be exceeded.

- * Equifax now has credit files on 150 million consumers in all 50 states. Information will be added in about seven states to finish the database by the end of this year.

- * The pace of acquisitions for the credit-reporting sector can decrease now that the database is near completion. Since the credit acquisitions are dilutive for at least the first year, this can help



margins over the next 12-18 months.

COMPANY: EQUIFAX, INC.

TICKER SYMBOL: EFX

INDUSTRY CROSS REFERENCE: MISSVC; DATAFR

SIC CODES: 7375; 7323; 7392; 7321

SUBJECT DESCRIPTORS: *INVESTMENT RECOMMENDATION; *STOCK VALUATION; *STOCK
PRICE DATA; *EARNINGS PER SHARE ESTIMATES; *SALES/EARNINGS ESTIMATES; *NEW
PRODUCTS

PRODUCT DESCRIPTORS: *INFORMATION SERVICES; CREDIT REPORTING AGENCIES

? logoff hold



? t 58/12/1

8/12/1
 00001576
 EQUIFAX INC
 P.O. BOX 4081
 ATLANTA GA 30302

Exchange: NYS Ticker: EFX

SIC Code: 7389 (BUSINESS SERVICES, N.E.C.)

Number of Companies in Industry: 27

This is a(n) COMPANY Record

QUARTERLY STATEMENT

Date	Sales (MIL)	Income (MIL)	Primary EPS	Dividends per Share	Shares Outst (000)
89Q2 (06/89)	212.1	12.0	.49	.21	24,487
89Q1 (03/89)	195.5	8.5	.35	.21	24,480
88Q4 (12/88)	199.8	8.4	.34	.21	24,465
88Q3 (09/88)	189.3	9.6	.39	.19	22,744
88Q2 (06/88)	184.1	9.5	.43	.19	21,890
88Q1 (03/88)	170.0	6.4	.30	.19	21,506
87Q4 (12/87)	176.4	8.8	.41	.19	21,388
87Q3 (09/87)	167.0	7.2	.34	.17	21,386
87Q2 (06/87)	167.9	8.8	.41	.17	21,381
87Q1 (03/87)	158.8	5.7	.27	.17	21,381
86Q4 (12/86)	161.5	4.6	.22	.17	21,380
86Q3 (09/86)	158.6	6.8	.32	.16	21,380
86Q2 (06/86)	164.2	8.1	.38	.15	21,380
86Q1 (03/86)	150.7	6.1	.28	.16	21,368
85Q4 (12/85)	152.4	5.3	.25	.15	21,368
85Q3 (09/85)	142.7	1.3	.06	.15	21,358





INPUT Recommendations



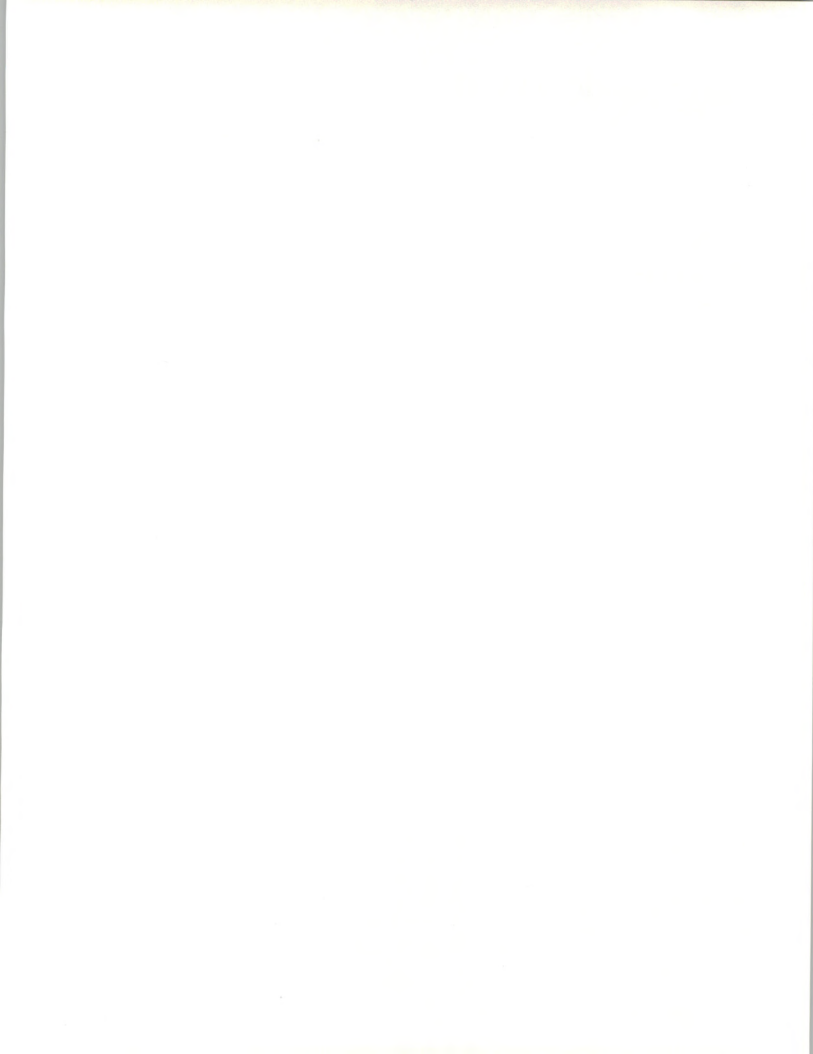


Mother Company Candidate Recommendations*

	Market Cap (\$)	P/E	Cap to Sales Ratio (Percent)
Priority A:			
1. Systematics	390	21	217
2. Control Data/Business Services	N/A	N/A	N/A
3. FIserv	190	18	152
4. National Data Corp.	408	19	231
Priority B:			
1. DST Systems	265	29	186
2. Telecredit	390	16	274
3. SEI Corp.	265	26	200
Priority C:			
1. SunGard	205	17	168
2. M & I Data Services	N/A	N/A	N/A
3. Comdata	287	-	259
4. Equifax	851	22	115

***Rationale:** The ten candidates are rated in three priority groups based on their fit with the criteria on the evaluation template and INPUT's subjective judgment.

Equifax is included as a "wild card" in the sense that it falls outside the criteria, in some respects, but is worth consideration.







Estimated Purchase Values (All Companies)



Estimated Purchase Values

Multiple of Revenues

1) In general, acquisitions in IS have been made in the range of .5X-4.5X (current year) revenues (the latter reflecting Computer Associates' acquisition of Uccell). Approximately 3.0X revenues is what has been paid recently for on-line data base services companies. Companies with .5X revenues have tended to be companies in need of acquisition. A mean price-to-revenue multiple paid by frequent acquirers in the IS industry as indicated in a recent INPUT survey was 1.5X. A multiple of FY1989 estimated revenues (for trailing four quarters) should really be used since results for the first three-fourths of 1989 can be determined. F1989 revenue estimates can be made from IBIS and other services that track various brokerage house stock analysts' reports.

(Very few press releases and other sources of information on M&A activity provide information on the multiple of revenues paid. The multiple is necessary for determining a premium to current market price, etc.) In 1986, when small equity positions were taken in several of the processing services companies, revenue multiples ranged from 1.0X to 1.8X.

Multiple of Market Value

2) Premiums currently being paid over current market price are estimated to be 25-40%. In terms of a premium over current price to be offered, an important factor to consider is how much of "takeover expectation" has already been built into the current stock price of a particular company. Examples could be Telerate Corp and National Data Corp.

Another important factor to consider is stability of earnings—a higher premium should be paid for more stable predictability.

Price/Earnings Multiple

3) A P/E multiple as a valuation parameter is usually used for information services companies that are beyond the start-up development phase. An important factor to note is the price range of the company stock price, which reflects high and low P/E ratio parameters.

Market timing is a related issue. If possible, companies should not be pursued at the high end of their trading range or close to stock market peaks. P/E multiple valuations are usually based on projected EPS for the current year—or based on a pro-forma five-year projection. For companies in this report, look at the analyst's projected EPS growth rates for 1989 and 1990 (where given).

Mean P/E ratio for the industry (taking out companies with unusual one-year earnings factors reflecting unusual events) is about 17X for current-year earnings—based on the companies in the report, which are higher quality companies in the processing services industry.



Book Value

- 4) Times book value as a valuation parameter is usually used for older companies where assets sales are likely.
- 5) ROI as measured on a discounted cash flow basis—based on the pro forma (projected) cash flows and residual value—and with a discount factor determined by the potential acquirer is probably the most meaningful valuation parameter for a particular company, but requires intimate operational knowledge of the acquisitions target and extensive analysis.

General Overview on the Companies Selected in INPUT's prospective list:

- 1) Most of the companies have made acquisitions in recent years, and thus historical growth rates in revenues (excluding acquisitions) are difficult to determine without special insight from the companies involved.
- 2) We selected four companies that made few if any acquisitions as "normalized" growth rates—to determine the range of CAGR for the processing services industry (excluding acquisitions).
- 3) Net margins were calculated for each company on the list.
- 4) Analysts' reports on the companies were obtained from DIALOG Information Services for EPS projections.

The following matrix of factors was used to determine the highest multiple of revenues to be paid (based on a 25-40% premium required over the current market price):

A combination of the highest historical CAGR and net margins for companies that had made few if any acquisitions was used—those with the highest combination of the two factors would probably require a 40% premium to current price. Other factors used in the determination matrix were quality of management and PE ratios based on projected 1989 and 1990 EPS.

Priority A:

1. Systematics

- a. 23% CAGR 1984-1988
- b. 21% projected longer term growth rate—an analyst report suggested this is about par with the group average, but no higher (this assessment may be suspect). The same report indicated that "a 20% portion of revenue is in somewhat volatile software and hardware sales as compared to steady longer term bank processing data service contracts. The same report indicated that after having only five bank processing contracts come up for expiration in fiscal 1989 (May), all renewed, 9 are



scheduled to expire in FY 1990 and 12 in FY 1991. Once before, in 1987, several expired and when many were not renewed, it led to an earnings decline at that time. So this adds at least a modest measure for uncertainty."

c. "21-22% EPS expansion projected for fiscal 1990"

d. Net margin in fiscal 1988 was 14.5%.

The stock analyst also stated that "Systematics demonstrates considerable stability and predictability of earnings due to its broad base of some 75 bank clients in facilities management data processing."

Systematics has the second highest combined matrix rating next to Telecredit, which would suggest a premium to current market price of 40%, equating to having to pay approximately 3.0X F1988 revenues or \$545 million revenues.

The company hasn't been a frequent acquirer in recent years.

2. Control Data/Business Management Services (Micrognosis)

Since Micrognosis does not have a separate stock market valuation (apart from Control Data) operating earnings are not currently available. However, since Micrognosis is a separate subsidiary of CDC within CDC's information Services Group, it should be possible to obtain a reliable indication of current profitability, with cooperation from CDC management. INPUT would suggest looking at the range of multiple of revenues paid for companies in the electronic delivery of information services (also, Micrognosis is not a network-based company), as one benchmark for a multiple of revenue. Companies in this group (Dialog, etc) have recently sold at the 3.0X revenue level. We would suggest 2.5X revenues as an upper limit for a company with an 37% annual growth rate in fiscal 1988, which suggests an early development product life cycle. Recently, 1.5X revenues has been more of a general mean valuation for companies in the information services industry.

Multiple-source, real-time digital and video financial information feeds (along with the capability for storing this information in a data base for building pages of information) represent a leading-edge solution for the financial services industry. There should be considerable opportunity for expanding this service to other industries where real-time screening of data bases is important for timely decision making.

Micrognosis, a turnkey system supplier, provides integrated trading room information systems to the financial services industry. Micrognosis systems distribute real-time digital and video financial information and news from internal and external sources on the subject of securities, currencies, and global financial markets across a network to a variety of trader workstations. Clients include investment banks, securities firms, insurance companies, and the treasury departments of Fortune 1000 companies. No network services are provided from Micrognosis. Micrognosis' 1988 revenue reached \$96.1 million in 1988, a 37% increase over 1987 revenue of \$70 million.



3. FIServ

a. 50% CAGR 1984-1988

b. Net margin of 8.4%

FIServ has been a frequent acquirer.

The company is well managed and has managed acquisitions well—with EPS growing in excess of revenues in recent years.

INPUT suggests a 30-35% premium to current price: \$245 million to \$255 million.

Analyst's report:

"FISV has consistently delivered on quarterly earnings, but there is lingering skepticism regarding the company's ability to do so because of its association with the thrift industry. The irony is that the profitability squeeze being experienced by the industry is having a favorable impact on FISV. The company indicates it is signing new clients at the rate of one every four and a half business days. It has added 29 clients in 1989's first half, a gain of 130% year over year."

4. National Data Corp.

a. 11% CAGR from 1984-1988

b. 12.2% net margin in F1988

National Data Corp. is well-managed, has a high-quality reputation, and has well-diversified processing services revenues.

The company has made acquisitions in recent years.

Analyst's report:

"Earnings per share, including our FY89 estimated, will demonstrate growth at a 19% compound rate for the FY86-F89E period, due to the development of new services, acquisitions, and some margin improvement. "National Data Corporation stock has been the subject of acquisition rumors, but a preliminary deal with Medco Containment Systems (MCCS—\$16 1/8), was cancelled. Recently, H&R Block sold its 9% stake in the company in an aborted acquisition move. We believe these suitors were interested in the overall strategy, but upon closer examination found it was not necessary to own the whole company."

Would suggest a 30-35% premium to current price which translates to \$530 million to \$550 million—3.0X F1988 revenues or 2.8X projected F1989 revenues.



Priority B:**1. DST Systems**

- a. 25% CAGR from 1984 to 1988
- b. Net margin in F1988 of 6.4%

DST Systems has not been a frequent acquirer in recent years. The company has experienced cyclical earnings due to a heavy concentration of earnings in the mutual fund industry. The results were hurt by a slowdown in investment activity following the October 1987 stock market crash.

Would recommend a 25% premium to current price: \$330 million, or 2.3X F1988 revenues

2. Telecredit

- a. 19% CAGR 1984-1988
- b. Net margin: 17.1%

Telecredit has the best overall matrix of valuation results.

A 40% premium over current market price suggests a price of \$545 million, or 3.8X F1988 revenues.

Analyst's report:

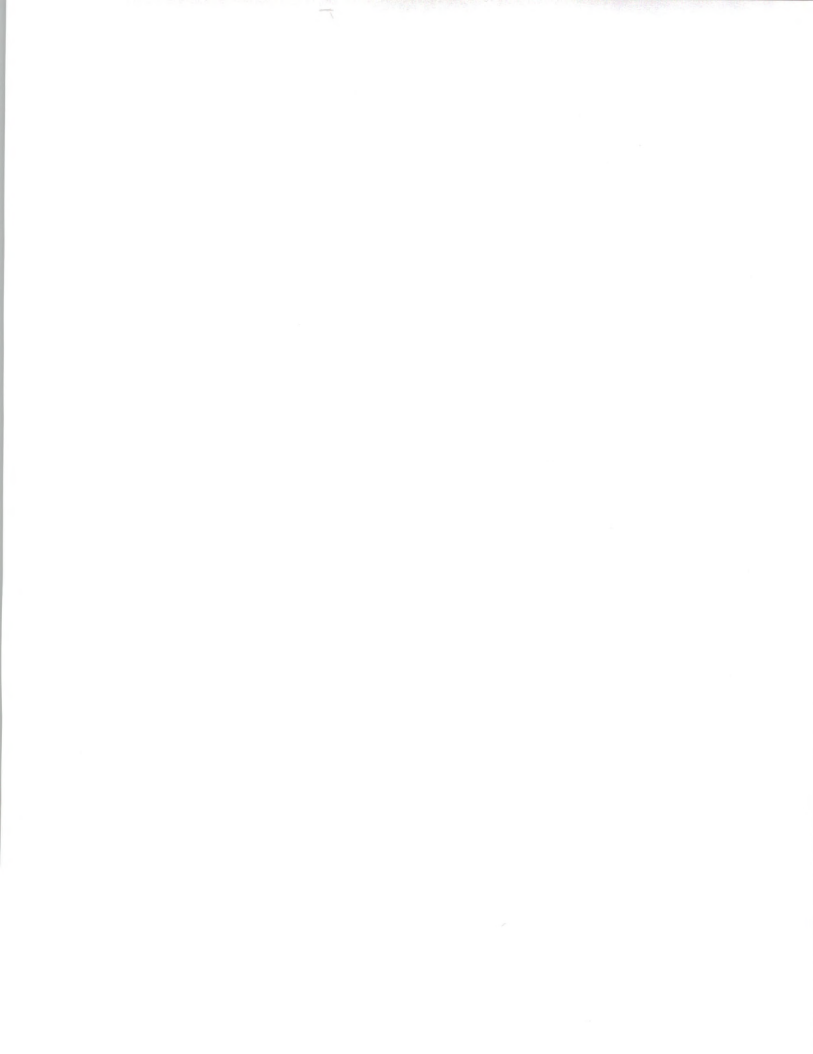
"A one-time writedown of assets produced a net loss for the April 1988 fiscal year, which caused price shares to come under selling pressure last June and again in October when management announced that a major credit union service bureau served by Telecredit was considering offering a competitive credit card processing service to its members."

"We think that TCRD will retain its service contracts with the majority of the credit unions it now serves. "We expect a strong earnings performance in fiscal years 1989 and 1990."

3. SEI Corp.

- a. 7.7% net margin in F1988
- b. \$130 million revenues in F1988

SEI Corp. has not been a frequent acquirer in recent years. A writeoff of assets from earlier acquisitions had some negative impact on earnings in recent years.



SEI provides processing services for the banking and financial services industries, including automated GNMA processing and pension payment and payroll processing. SEI also provides trust account processing activities.

A substantial portion of the company's business is not in processing services (portfolio management assessment software and services).

A 25% premium to current market valuation would suggest a price of \$330 million—2.5X F1988 revenues.

Priority C:

1. M & I Data Services

Revenues and earnings not available.

2. Comdata

INPUT believes it has not been a frequent acquirer.

8% was last year's annual growth rate—the company has been recently acquired by a limited partnership.

F1988 EPS loss. (Comdata had a loss in most recent quarter—see printout of quarterly earnings results on the company.)

A 25% premium to current price would be \$360 million or 3.2X F1988 revenues—probably too high to pay for this company.

3. Equifax

a. 12% CAGR 1984-1988

b. 5.2% net margin in F1988.

Equifax has been a frequent acquirer in recent years: 14 in 1988 alone.

Equifax is a high-quality company—35% premium over current price or \$1.148 billion suggested, 1.5X fiscal 1988 revenues, or 1.3X estimated F1989 revenues.

Equifax has been a successful acquirer, with EPS growing in excess of revenues in recent years—18% CAGR.

Analyst's report:

"Equifax is a leading provider of information services to the insurance and financial industries.

"We continue to recommend purchase of Equifax shares."



4. SunGard Data Systems, Inc.

a. 23% CAGR between 1984 and 1988

b. Net margin in 1988 was 9.2%.

SunGard Data Systems is a leading provider of comprehensive computer disaster recovery services. In recent years, this program has been expanded its large commercial back-up capability to include recovery planning software and consulting and educational services. Its alternate site facilities include backup, testing, and recovery services for IBM, DEC, Tandem, Stratus, and Burroughs computer installations.

The company is also a leading provider of on-line data processing services and software licenses to investment managers.

A large percentage of the company's revenue is recurring—that is, generated from service fees under long-term contracts with high rates of renewal.

SunGard has an active acquisition program designed to broaden and complement its existing market positions. The company has also been a frequent acquirer in the recent past. Approximately 50% of the strong revenue growth over the past 2 1/2 to 3 years has been from acquisitions.

Current valuation is approximately \$205 million—we would suggest a 30% price premium—or \$265 million, 2.2X F1988 revenues of \$122 million, or approximately 1.9X estimated F1989 revenues.

A recent stock report analysis on the company states the following:

"We think SunGard Data Systems stock is now a buy because it is selling at a 17% lower P/E compared to other computer-services stock (13.4 times for SunGard versus 16.4 times for the group) due to concerns about competition from IBM in disaster-recovery services. We think it is likely that the P/E on the stock will move back up to parity with comparable stocks once concerns about competitive pressure from IBM ease. We believe SunGard's revenues and earnings growth is (and will continue to be) unaffected by IBM's entry into the disaster-recovery services market. We have raised our EPS estimates for FY 1989 and FY 1990 to \$1.25 and \$1.50, respectively, because we now expect SunGard to continue to grow at least 20% per year....While IBM's entry into the disaster-recovery service market will likely allow IBM to capture some business, its perceived impact on SunGard is overstated (according to the investment report). SunGard generates only 38%, or \$60 million, of its \$157 million in projected 1989 revenues from disaster-recovery service contracts. The majority of SunGard's revenues and earnings comes from investment-management software products and data-processing services, as well as disaster-recovery consulting services and software products, which are not affected by the new IBM recovery service."

